

BUSINESS WEEK

← YEAR
AGO

← WEEK
AGO



Charles E. Wilson of General Motors: One man for whom all the big reconversion problems are marked "urgent."

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The Good Old Days were awful

GRANDPA worked twelve hours a day for a dollar. Today his grandson works fewer hours for many times as much. The reason is that grandson has modern machines that make him more productive and so worth more.

If grandson decides to limit his production to grandpa's output, he'll get grandpa's pay. That is simple economics and all the laws, directive bureaus and "leaders" in the world can't change it.

But if grandson decides to use his modern machines efficiently, to produce more and more, he reduces the cost of what he makes. The lower the cost, the more people who can and will buy it. The more who buy it, the more secure the workman's job and the more he can be paid.

There are thousands of modern war-built machines in this country that can be turned into peace-time production. If they are efficiently used, we will have jobs and prosperity. If they are not used, or are used inefficiently, we will have a 1907 or 1932 depression. And those "good old days" were awful.



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YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH
WARNER & SWASEY TURRET LATHES AND TAPPING MACHINES

In war or peace
B.F. Goodrich
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THAT'S raw sugar, being distributed in the hold of a ship, the new way. It used to be loaded in jute bags, carried onto cargo ships in the Hawaiian Islands, carried off again on the mainland. It was a slow and costly method.

When war in the Orient cut off the supply of jute bags, sugar refiners and ship lines sought another—and cheaper—method of handling the sugar. A rubber belt, to carry sugar direct from warehouse to ship's hold, would do it, but....

Where the belt method had been tried, sugar dust settled on the rollers

on which the belt rode. In damp weather this dust turned into a molasses-like gum. When the belt stopped the gum gripped it firmly. And when it started again, great strips of rubber were torn off the bottom of the belt.

B.F. Goodrich belting experts studied the problem and found the answer in a special B. F. Goodrich belt which incorporated a breaker strip at top and bottom of the belt—plies of loosely woven fabric which distribute the strain of the sticky starts through the entire length of the belt instead of

letting it concentrate at the rollers. The new belts work perfectly, and load sugar at the rate of 400 tons an hour instead of 80 tons an hour when handled in bags. A serious problem was solved, and work is now done better, easier, at less cost—typical results of B. F. Goodrich research (which may be able to help you, too). For help or information, call or write your B. F. Goodrich distributor. The B. F. Goodrich Company, Industrial Products Division, Akron, Ohio.

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It's Aluminum Castings—on all counts—for added hundreds of products that will be in the reversion spotlight. It's the light weight, the better machinability, better corrosion resistance, tensile strength, and improved appearance . . . it is all these advantages of this modern metal that account for the growing, great changeover. Nation-wide surveys—and orders—show the trend to aluminum. It's unmistakable and convincing.

Acme makes Aluminum Castings . . . and good! Good, because Acme has the facilities: first, a top-flight engineering organization ready to help you with the simplest, right design for economical castings production. And—ready to cooperate on styling where desirable. Ready—Acme is—to produce your product castings so you'll profit from all the emphatic qualities of the lighter, better metal—Aluminum. It may be that Acme can contribute something vital to your more healthy reversion. It will cost nothing for you to get the facts.

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Paul Montgomery

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● Compare an ordinary water valve with one of PENN design and you'll see why refrigeration men appreciate the difference.

In designing this valve, PENN knew that the greatest enemy of water valves was WATER! Utmost precaution was taken so *that no sliding part ever comes in contact with water*. There is no chance for rust, corrosion and sedimentation to get in their destructive work. PENN design puts an end to sticking of seats, rusty range springs and water hammer. The result is a more dependable and more efficient water regulator over a longer period for all refrigeration applications.



It is not only in the field of refrigeration that PENN design has built up a successful record. Its skill and ingenuity have been equally successful in designing and manufacturing automatic controls for air conditioning, heating, internal combustion engines, pumps and air compressors. If yours is a problem involving automatic control—consult with PENN. Write *Penn Electric Switch Co., Gosben, Ind.*

PENN

AUTOMATIC CONTROLS

FOR HEATING, REFRIGERATION, AIR CONDITIONING, ENGINES, PUMPS AND AIR COMPRESSORS

properties taken over by HOLC foreclosure, all but 500 have been and practically all of these will be disposed of by the end of the year.

Loans on HOLC books, once as high as \$5,000,000, are now down to approximately \$900,000,000. Since some of these loans are not payable until the final liquidation of HOLC will be a long-drawn-out affair.

WANTED: LIMELIGHT

Commander Harold E. Stassen, while at a desk in the Navy Dept. in Washington this week, has not been busy to do some canvassing of how he can keep in the public eye between now and the 1948 Republican convention.

He will finish his naval assignment in the Pacific, which may continue for several months, but he knows he can't afford to drop out of the political limelight if he is to stay in the race for the

presidential nomination. He may run for senator in Minnesota next fall against isolationist Henrik Shipstead.

CUBAN SUGAR STILL DEAR

Agriculture Dept. officials realize that the reported find of a supposed 1,600,000 tons of sugar in Java won't stop the cagey Cubans from demanding—and getting—a higher price for their 1946 crop than the \$3.10 per 100 lb. they got for the 1945 crop or the \$3.45 that they were offered last spring for the 1946 crop.

Officials admit they have no authoritative information regarding the Japanese stockpile: how much is raw, how much refined, or even how much is sugar (not sirup).

All pros and cons considered, the Cubans will likely get \$3.75 to \$4 per 100 lb. for all they can deliver from a 1946 crop now estimated at about 4,200,000 tons. Peruvian sugar has been selling for better than \$8.

TECHNICIANS IN DEMAND

WPB's industry personnel committee, set up to find jobs for those leaving that fast-contracting war agency (BW—Sep.29'45,p7), is getting a line on just how great is industry's demand for "re-conversion" manpower. For every chemist on its rolls there have been 50 offers, for every electrical engineer 60, for every mechanical draftsman more than 100. The rub is that the committee has only a handful of this kind of personnel; most of the 800 persons on its job-seeking list are analysts, administrators, statisticians, and educators.

Nevertheless, in three weeks the committee has placed 50 persons, and 300 to 400 more are now actively negotiating with potential employers.

NAVY FIGHTS MERGER

Only positive intervention by President Truman can bring about any workable agreement within the Army,

The Atomic Future: By Compton, for the Layman

Scientists who started our atomic research in 1941 from the nuclear knowledge possessed by all the world laugh bitterly at current talk of controlling uses and patents of the atomic bomb. Behind the pontificating is the fiction that atomic energy is an American-held secret.

Much of this confused thought traces back to the Army's super-censorship that still keeps atomics hush-hush. Researchers and production men call this military glory-grabbing. As a result, Congress, which is no better informed than the average citizen about atomics, finds itself ill-prepared to tackle the job that Truman has given it of setting up a control commission (BW—Oct. 6'45,p5). Hence, any appraisal of what the future holds for atomics by any of the few authorities finds an eager audience in Washington.

Of special interest was the analysis presented this week by Dr. Arthur H. Compton, world-famous physicist who ranked tops in the bomb project. Speaking before the Chicago Assn. of Commerce, he indicated his belief that only Britain could make military use of atomic weapons before 1950, but that without inter-

national agreements we shall, by 1955, live in a world atomically armed to the teeth.

Compton's speech shed upon future industrial applications the most light yet. Specific Compton statements:

"Controlled atomic power in the form of heat is in continuous production in large quantities at Oak Ridge and Hanford. The heat is a byproduct.

"We have not yet built an atomic power plant that is generating electrical power, because there has been no serious shortage. Beyond the heat exchanger of such a plant, everything would be standard practice. Up to the heat exchanger, all the design requires new features. Uranium blocks can readily be maintained at any desired temperature regardless of how rapidly the heat is being removed. This means a relatively small size heater unit will be needed, and corrosion due to excessive heating is controllable.

"When completely consumed, the fission energy available from a pound of uranium is equivalent to over 1,000 tons of coal. Pre-war prices: uranium oxide roughly \$3 per lb.,

coal \$3 per ton. We should expect the first plants built to deliver atomic power [at] a substantial cost advantage. Within ten years it is not unlikely that power companies designing new plants for city service will consider the use of uranium instead of coal for purely economic reasons.

"By using uranium containing more than the usual fraction of U-235, chain reacting units have been built of much smaller size [than now in use. But because of] the massive shield needed to prevent the neutrons and other dangerous radiations from getting out, there is no hope that atomic power units for normal use can be built that will weigh less than perhaps 50 tons. Driving motor cars or airplanes of ordinary size must thus be counted out.

"If one looks to a billion-dollar-a-year national industry based on atomic power, the nation can afford a considerable investment in research and development."

Cited by Dr. Compton as immediate possibilities: lessened cost of heat and power to cities, reduced pall of smoke, cheap power where industry and agriculture need it but cannot now get it.

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The point is smooth.
The point is strong
because the lead is
bonded to the wood,
(Pressure - Proofed).
Venus VELVETS are
office favorites. Try
them... you'll specify
them!



Venus VELVETS
are better pencils
... but only 5¢.



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AMERICAN LEAD PENCIL COMPANY, HOBOKEN, NEW JERSEY

Navy, and Marine Corps top command for unification of the armed services.

The Navy is throwing all its weight against mergers. It has secretly instructed its public information officers throughout the world to publicize all opposition to any change in status quo, to soft-pedal all support. Also, the Navy has high-pressured the Joint Chiefs of Staff to pigeonhole the report of a special committee of Army and Navy officers proposing unification, and is holding back its own views, prepared for it under the direction of Ferdinand Eberstadt, who was chairman of the Army & Navy Munitions Board in 1942.

Meanwhile its returning heroes from the Pacific are encouraged to pump the party line—no unification—as Fleet Admiral Nimitz did in New York City this week.

CAPITAL GAINS (AND LOSSES)

Next move in the Army's demobilization drive is to make eligible for discharge all officers with at least three years of service either at home or abroad.

Reports persist that retiring chairman J. A. Krug will move into an executive spot in Transcontinental & Western Air. This is a berth that would not preclude his entry into politics at a later date, as a utility job might.

OPA wants to set rental ceilings on new apartments. Builders tell OPA men that they will sit it out if they have to take current ceilings. So OPA is studying varying percentage markups from present levels, hasn't made up its mind.

Vance L. Sailor, chief of Federal Deposit Insurance Corp.'s division of examination, seems to have the inside track for the chairmanship, succeeding Leo T. Crowley. Sailor, who recently returned to his post after a tour in the Army, was formerly in FDIC's Missouri district and is supposed to be Crowley's own choice.

—Business Week's
Washington Bureau

THE COVER

Management knows at least three Charles E. Wilsons—Charles Edward, president of General Electric Co. (formerly a chief of the War Production Board); Charles Erwin, president of General Motors Corp.; Charles Eben, vice-president of Worthington Pump & Machinery Corp. When it thinks about reconversion problems, it's likely to think first about the second of the trio—for several reasons now, and for another reason on Oct. 24 (page 28).



This will
do it!

HOW many times in the past week has your production been slowed up by hard lifting jobs? Loads so heavy they couldn't be lifted quickly, efficiently, for lack of powerful lifting equipment?

A 'Load Lifter' Electric Hoist would have solved your problem for them no load, within its lifting capacity too tough for it to handle! A simple pull on the control cord and it responds—giving speedy, effortless lifting. Besides, the 'Load Lifter' gives trouble-free service 24 hours a day—with the minimum amount of attention.

Built into each 'Load Lifter' are special features not found in their equality in any other hoist. They are the reasons for its steady, dependable performance and low-cost operation:

- ... one place to oil
- ... two-gear reduction drive
- ... self-contained, ball-bearing motor
- ... improved mechanical load brakes
- ... fool-proof upper stop

Added to these is the fact that 'Load Lifters' come in every combination to meet every load-handling problem in industry.

'Load Lifter' Electric Hoists are built with lifting capacities of 500 to 40,000 lbs. in all combinations required for industrial needs. They are adaptable to almost every working condition within their capacities. Send for Catalog No. 219.



'LOAD LIFTER' Hoists

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Shaw-Box' Cranes, 'Bulldog' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gages, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

THE OUTLOOK

BUSINESS WEEK
OCTOBER 13, 1945



Strikes are about the only thing that can stand in the way of successful completion of industry's reconversion.

Up to now, the job has been going surprisingly well (page 15).

But strikes in coal this week set back steel production. And steel deliveries definitely are proving a bottleneck.

Either industry has been overbuying or it is getting ready to consume a tremendous lot of steel. The situation in many products is definitely tight. New orders are being tagged with delivery dates that become ever more distant.

Thus, with the likelihood that more blast furnaces will be down for lack of coal next week, consumers can expect nothing but more delays.

The coal situation, as of now, looks desperate. About the best we can expect is to scrape by this winter hand-to-mouth; the worst would be a really bad shortage.

Stocks of coal should build up during the warm summer months. They went up 25,000,000 tons in 1941 and 33,000,000 in 1942. But this summer the gain has been a trifling 7,000,000 tons—besides which the start was from a dangerously low level. We go into this winter with 13,000,000 tons less bituminous than last. Moreover, production has been running behind 1944 consistently.

Householders who have been able to convert from coal to oil are fortunate, but there is no such simple answer for coal-consuming industry.

Government officials are so busy trying to quiet labor outbursts hither and yon that they hardly have time to think of general palliatives.

Relaxation of the price line, permitting management to make wage concessions, is the only simple way out. This course seems likely.

Meanwhile, a reduction in the number of workers on strike (such as took place this week) means nothing at all (page 100).

Manufacturers who have reconverted and gone ahead with civilian output even though they couldn't see any profit under present ceilings may find encouragement in OPA's decision on prices for radio parts.

Interim increases had been granted Sept. 1. The parts manufacturers yelled that this wasn't enough. This week OPA about doubled the rise.

No policy is set by the action but it proves relief can be had.

Business probably is at or very near the postwar bottom right now, but this would be hard to prove statistically.

Business indexes at the moment are just bobbling around. Swings, either up or down, are more likely to be aberrations than trend indicators.

Finding out the exact week when we hit bottom and how long it was before the curve turned up may have to wait on long-range revisions of the figures. **The main thing, though, is that we no longer are going down.**

Construction is making progress. Not only are plans getting out of the dream stage and onto paper, but contracts are being let as well.

As was to be expected, industrial and commercial building is getting started faster than homes because it relies less on lumber. Even so, latest F. W. Dodge Corp. figures show residential running nearly double last

THE OUTLOOK (Continued)

BUSINESS WEEK
OCTOBER 13, 1945

year's rock-bottom levels. Nonresidential doesn't show any such percentage rise, but the total is much higher and the rate of gain since the end of the war is much faster.

Those are the contracts already let. Engineering News-Record's total for plans completed and ready for bids has risen by better than 20% in the last two months and now stands just under a billion dollars. Plans in advanced stages add \$1,600,000,000.

If all the blue-sky stuff were to be included, construction under consideration would be more than 23½ billions. The plans on which work actually has been started would come to about half that value.

Manufacturers planning to build or expand plants should look to costs.

According to the highly specialized index compiled by the Austin Co., Cleveland builders, industrial building costs rose from 122 to 129 or more than 5½% in the third quarter of this year.

Both labor and materials were up, the report adds. One of the causes was the rush to get projects under way; there was a scramble for materials which, in turn, brought added charges due to abnormal freight hauls.

Looking ahead, steel will be higher if a wage rise is granted. And there is the prospect that construction wages also will rise.

This pulls prospective builders in two directions at once: They are prompted to get started before costs go any higher and there also is the inclination to look twice at the government's surplus plants before letting any contracts.

Talk among government economists about smaller sales volume due to changed business conditions seems premature.

Consumers have not, as yet, shown any worry about the future.

Look at department store sales, up 7% in the first full calendar month after the end of the war. Dept. of Commerce estimates of all retail sales for the third quarter fall in line with a rise of about 5%.

Gasoline sales jumped 19% over a year ago when rationing ended.

Meat demand will be among the last things affected by lower purchasing power. Not only do people insist on meat in the food basket, but their meat dollar is being stretched by the disappearance of black market prices.

In areas where black markets were worst, this means a 100% gain.

Under the circumstances it isn't logical to look for any early drop in demand from today's estimated 170 lb. per capita annually to the 155 lb. that some Dept. of Agriculture men consider a stabilizing point. Fourth-quarter civilian supply is put at 148 lb. per capita (annual basis) or 22 lb. higher than actual consumption in the 1935-39 period.

The corn situation isn't as good as this week's crop report indicates.

The Dept. of Agriculture gathered its data for the report as of Oct. 1. There had been one frost in the northwestern portion of the Corn Belt (page 119) the end of last month, but the first bad one came early this week and it hit the heavier producing states.

This will mean a lot of soft corn—suitable for little other than feeding to hogs or sale to distilleries. Heavy hogs and a rising lard supply are in sight for next spring but so is a feed shortage for dairy stock and poultry.

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BUSINESS

FIGURES OF THE WEEK

	5 Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below)	*155.6	†158.7	169.9	231.3	230.3
PRODUCTION					
Steel Ingot Operations (% of capacity).....	73.5	79.7	80.3	94.3	96.9
Production of Automobiles and Trucks.....	9,500	10,430	14,210	20,645	16,865
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$10,498	\$11,630	\$6,793	\$6,114	\$5,595
Electric Power Output (million kilowatt-hours).....	4,028	4,039	3,909	4,322	4,375
Crude Oil (daily average, 1,000 bbls.).....	3,621	4,357	4,518	4,784	4,692
Bituminous Coal (daily average, 1,000 tons).....	1,822	1,933	2,043	2,053	2,030
TRADE					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	79	77	78	87	88
All Other Carloadings (daily average, 1,000 cars).....	60	63	65	52	64
Money in Circulation (Wednesday series, millions).....	\$27,853	\$27,729	\$27,750	\$25,865	\$23,881
Department Store Sales (change from same week of preceding year).....	+6%	+14%	None	+8%	+12%
Business Failures (Dun & Bradstreet, number).....	13	10	19	23	27
PRICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	260.8	259.5	255.0	255.6	250.0
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	169.0	168.8	168.0	166.4	165.4
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	229.0	227.7	224.4	226.9	225.5
Finished Steel Composite (Steel, ton).....	\$58.27	\$58.27	\$58.27	\$57.55	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$16.08
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (Kansas City, bu.).....	\$1.68	\$1.66	\$1.59	\$1.67	\$1.62
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.75¢
Cotton (middling, ten designated markets, lb.).....	22.99¢	22.63¢	22.52¢	21.93¢	21.71¢
Wool Tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.340	\$1.340
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢
FINANCE					
90 Stocks, Price Index (Standard & Poor's Corp.).....	130.7	128.4	125.5	109.9	102.9
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.21%	3.23%	3.25%	3.37%	3.55%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.61%	2.62%	2.62%	2.61%	2.72%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	3%	3%	3%	3%	3%
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks.....	38,690	38,817	38,485	37,184	35,383
Total Loans and Investments, reporting member banks.....	61,030	61,251	62,382	57,349	54,436
Commercial and Agricultural Loans, reporting member banks.....	6,218	6,113	6,055	6,044	6,091
Securities Loans, reporting member banks.....	3,744	4,037	4,140	2,537	2,480
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	45,143	45,140	46,182	43,286	40,506
Other Securities Held, reporting member banks.....	3,301	3,380	3,333	3,071	2,931
Excess Reserves, all member banks (Wednesday series).....	950	860	980	934	888
Total Federal Reserve Credit Outstanding (Wednesday series).....	23,821	23,892	23,192	20,255	17,099

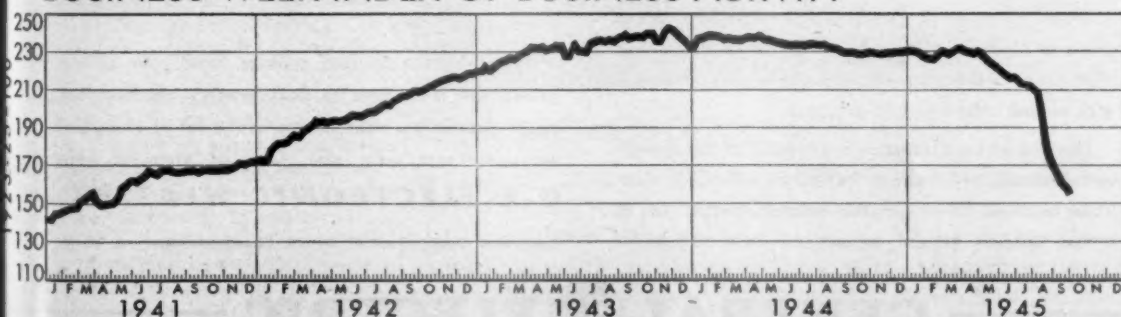
Preliminary, week ended October 6th.

† Revised.

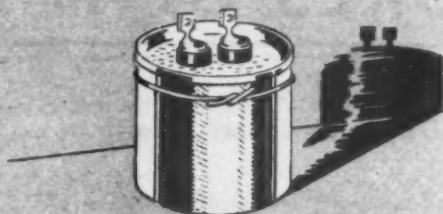
‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY

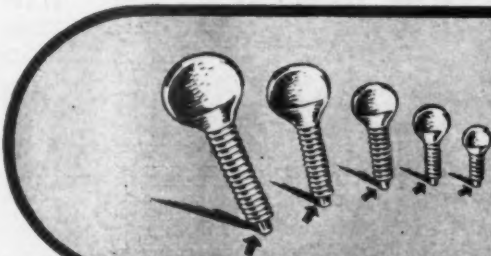


Solders 900 seams per hour. One girl with one G-E electronic heater turns out twice as many capacitor cases as she could under this plant's previous method. (Massachusetts)



Hardens clutch jaws in 17 seconds. A G-E electronic heater localizes the heat, without hardening the rest of the clutch plate. No distortion. No scale. (Kansas)

Brazes 1000 steel parts per hour. Heat is confined to the brazing area; strong, uniform joints result. Exact duplication is obtained, day after day. (Michigan)



Anneals screw tips at half the cost. Without affecting the threads, a single G-E heater anneals 100,000 thumbscrews a day—and with absolutely uniform results. (Illinois)

Turn on the **ELECTRONIC HEAT!**

Does your plant have a heating job that you'd like to do better? A repetitive soldering job, for example, that even skilled workers have to fuss over? Or a surface or spot hardening job where you can't localize the heat the way you'd like to? The chances are that electronic heat can do it in a small fraction of the time required by your present method—do it with almost unbelievable accuracy.

The above case histories are typical of the speed-up obtained in hundreds of shops with G-E electronic heaters. These versatile heaters enable you to braze, harden, anneal, or solder with a degree of

control that will astonish you. They facilitate quick production shifts, because of the variety of shapes and sizes a single heater can handle. And—operators can be trained to get consistent results in a matter of hours.

If you expect to find ceilings over your selling prices, now is the time to start tearing out the floor under production costs. There are a lot of electrical ways we can help you. One of them is with

G-E ELECTRONIC HEATERS.

Apparatus Dept., General Electric Co., Schenectady 5, N. Y.

GENERAL  ELECTRIC

Keep on buying BONDS—and keep all you buy

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Reconversion Takes Up Slack

Employment—its present level as well as its promise—heralds success of industry's return to civilian production. Rise in payrolls won't be rapid, but solid foundation has been laid.

Production and employment have reached bottom—or mighty near it. Before long both will be off on their postwar rise.

Reconversion has taken up the slack. Not only has industry progressed faster than anticipated; it has kept more workers on the rolls during the period of deepest cutbacks and is employing more now than most observers had thought possible in previctory estimates.

Foundation Laid—The rise won't be rapid in the next few weeks. That is too much to expect. Nor will it be possible to provide all the jobs for which there will be applicants as the armed forces are demobilized to go back to the plants from which they were mustered. And labor troubles may set back the timetable of re-employment.

Yet the foundation for the upturn has been laid. Broad outlines of the favorable picture have been discernible (BW-Sep.29'45,p9) in over-all figures on layoffs and unemployment. But this is harder to get at: How have so many jobs been provided; what have so many workers been kept busy doing?

War industry—metals and chemicals—employed upwards of 8,000,000 just before V-Day, and 90% of war business has been canceled. Yet only 2,000,000 were let out of war-plant jobs to Oct. 1 (1,400,000 in August and 600,000 in September), according to the Bureau of Labor Statistics. The question left unanswered is, "What are the other 6,000,000 doing?"

On the inescapable assumption that the place to look is inside the reconverting war plants, Business Week has undertaken a comprehensive spot check in major war production centers the country over.

Conditions vary, as might be expected, area by area, industry by industry, and plant by plant. In Cleveland and Detroit, where the heavy metalworking lines are concentrated, layoffs have amounted to nearly 15% of the total war-end employment. New York, with its emphasis on consumers' goods, suffered only to the extent of 3%.

Different Problems—Then there are differences between areas such as Cleveland and Detroit which, at first glance,

might seem to have about the same problems. The bulk of the Ohio city's munitions plants swung back to civilian products more rapidly than could the auto capital; Cleveland rehired one-third of its 75,000 laid-off workers in no time with 9,000 additional jobs seeking takers.

Detroit, bedeviled by strikes, can't even arrive at an acceptable estimate of its unemployment, much less its re-employment.

Not the Rule—But such sharp contrasts as these are the exception rather than the rule. Most of the major war production centers have common problems and have achieved results that are alike in major aspects.

Everywhere there are jobs going beg-

ging while laid-off workers draw unemployment compensation because available work pays less than they have been making.

Everywhere proportionately more women have been laid off than men.

Few plants are using any major portion of their workers closing out war work.

Everywhere there is temporary inefficiency on production lines.

Philadelphia or Chicago or St. Louis, any one of the three, would provide a pretty nearly average example. Each has but a few plants built for war that have closed tight. Each has a diversity of industry that permitted it to do a large and varied war job; now that very diversity provides a cushion. A high percentage of each city's industry was on work very similar to peacetime products, and reconversion is tough for only a few companies.

Back to Civilian Goods—At the Chicago tractor works of International Harvester Co., civilian production was in full swing the Monday after Japan surrendered. About 35% had been



CAUGHT BETWEEN OPPOSING FRONTS?

Secretary of Labor Lewis B. Schwellenbach this week found himself in a squeeze between Ezra Van Horn, bituminous mine operators' chairman (left), and United Mine Workers President John L. Lewis (right) over whether a union of supervisory employees tied to U.M.W. is to be recognized for collective bargaining. With about 200,000 miners in more than 750 mines already idle by midweek, the secretary sought a compromise which would get badly needed coal out of the pits, leave the foreman issue to further negotiations and possibly National Labor Relations Board determination (page 102).

on the civilian product before that, and the biggest difference between its civilian and military output was the color of the paint.

Harvester's nearby McCormick Works made its big layoffs in 1944 when torpedo production was slashed. Needed farm machinery took up the slack quickly, however, and only about 100 workers were building torpedoes when the war ended. Over-all, Harvester's only worry is how to boost its employment in its four Chicago divisions to

25,000 in order to duplicate its 1941 peak sales of \$364,000,000.

• **Auto Plant Moves Slowly**—A typical automobile company is at about 75% of its prewar employment (which happens also to be 75% of the end-of-war figure), has called men back to work slowly as plant rearrangement progressed. First to go to work were the foundry and forge men; then parts makers, including machine operators; and finally the assembly line men. Some are not yet on their normal jobs—are clearing

plant, reinstalling and setting up machines, and rebuilding facilities.

The employment gate at this and at factories the country over, most workers are being secured by recall on seniority of those laid off. By the same token, United States Employment Service rolls of job applicants are below each area's actual needs as many factories have no occasion to post their jobs.

• **Employment Gain Foreseen**—At Philadelphia, the Edward G. Budd Mfg. Co., which did a half-billion-dollar business in shells during the war and a few millions more in cargo planes, is returning to the manufacture of auto and truck bodies and stainless steel railroad cars.

Budd's wartime peak employment was 16,000, the peacetime goal is 22,000. At present 8,000 are at work setting up machinery and getting production started in the company's own plants and in the huge new plant at Busleton (in Philadelphia), leased from the government. Approximately 95% of the war materials and machinery to be disposed of has been moved out. An average of 75% of the production machinery has been placed.

The company estimates that perhaps 2,000 additional workers would be on the job but for automotive strikes which pinch back demand for bodies. As it is, some 500 body workers were laid off and 500 others transferred to various other jobs to tide them over.

• **Examples of Progress**—The versatile Connecticut Valley, like any concentrated industrial area, presents examples of excellent progress in reconversion as well as of companies that have found the going tough.

Two appliance companies—General Electric at Bridgeport and Landers, Frary & Clark at New Britain—each made a long list of equipment for the armed forces. Employment at the G. E. plant is down moderately from the end of the war but is only a shade under the Pearl Harbor figure of 9,400. Plans call for 10,300 by Jan. 1. Landers, Frary & Clark, with 2,100, has more workers than at the war's end but is not expecting to reach its prewar level of 3,000 until next year.

Underwood Corp. at Hartford is only about 30% reconverted because its change-over is 100%. Employment now is 1,900 against 4,800 at the time of Pearl Harbor but is scheduled to hit 3,500 by Jan. 1 and between 5,000 and 6,000 next year.

• **More at Arms Plant**—A. C. Gilbert Co., New Haven, which is converting from such items as gun parts, flares, and mine detonators to appliances and toys (Erector sets, etc.), has about the same employment as just before the

The Labor Market: A Spot Check

Three facts stand out in Business Week's spot check on re-employment in major labor market areas:

(1) A lot of workers are "vacationing" or "shopping around" because the available jobs pay less than they have been making.

(2) Most of the available manufacturing jobs call for either high skills or common labor, with little demand for semiskilled workers. Many jobs are to be had in trade and service lines.

(3) Not all the available openings show up on United States Employment Service rosters; manufacturers now are hiring at the gate and through unions.

A subsidiary point, the full significance of which is not yet strongly felt, is that Negroes and women are having the hardest time finding new jobs.

Here is the roundup of employment figures, showing the impact of layoffs since Japan's surrender, for some of the more important areas canvassed:

• **Buffalo**—Out of war-end employment of around 440,000, layoffs have totaled some 42,000 or roughly 10%. This area presents the rather inexplicable phenomenon of more unemployment compensation claims than layoffs—47,000 against 42,000. Because of the extensive reconversion problem, job openings listed with USES so far come to only about 7,000.

• **Chicago**—Out of some 1,800,000 employed, about 120,000 or nearly 7% have been laid off and claims for unemployment compensation come to 112,000. Available jobs listed with USES total 55,000.

• **Cleveland**—Around 575,000 were employed at the war's end. Discharges since then of 75,000 amount to about 13% of employment. But 25,000 have been rehired while 9,000 jobs are listed by USES. Unemployment

compensation claims total 36,000.

• **Detroit**—With about 950,000 employed (540,000 in manufacturing), war-work layoffs have totaled about 150,000 or more than 15%. Some 10,000 jobs are available, but due to the area's floating population, there is no good estimate of unemployment. Unemployment compensation claims total 116,000, but these may be in excess of real unemployment because of layoffs in plants that have curtailed because of strikes in factories of parts suppliers.

• **Los Angeles**—Employment has been reduced from 1,900,000 by about 153,000 layoffs while unemployment compensation claims total 87,000; job openings about 37,000.

• **New York City**—Employment at the end of the war was estimated in the neighborhood of 3,400,000. Because of concentration in consumers' goods lines, much of it in soft goods, layoffs tabulated by manpower officials have been only about 115,000 or 3%. Unemployment insurance claims come to 87,000, and job openings listed with USES total 48,000.

• **Philadelphia**—War-plant layoffs at 60,000 amounted to only about 5% of total employment of 1,250,000. Listed job openings would care for 20,000 while 65,000 are getting or seeking compensation.

• **San Francisco**—Bay area employment was about 800,000 and layoffs have totaled some 56,000 or 7%. Claims for unemployment compensation amount to 22,000 and job openings listed with USES total 28,000. For the five-state area—Washington, Oregon, California, Nevada, and Arizona—there have been about 320,000 layoffs from a working force of about 4,600,000.

• **St. Louis**—Layoffs have totaled about 41,000 or nearly 7% of something over 600,000 employed. Jobs are waiting for 14,000.

...-1,000. Its plans call for 1,200 by
... 1 and 1,500 next year.

Winchester Arms, whose reconver-
sion is only partial because of similarity
of its war and peace products, now has
500 workers against about 3,600 pre-
war and 14,000 wartime peak. The com-
pany is aiming at 6,000.

Watch and clock companies don't
necessarily get off at the same rate of
speed. Waltham Watch of Worcester,
Mass., had 2,000 employees before the
war, increased the number to 2,600
working for Uncle Sam, and now has
jumped to 4,000 in its rush to replenish
the civilian market. Lux Clock of
Waterbury, Conn., with a more com-
plete change-over to make, now only
about duplicates its 1939 employment
of 500 but is aiming at 1,000 by the
year-end.

West Coast Problem—Getting back
to normal on the West Coast involves
severe shrinkage in aircraft and ship-
building. Douglas Aircraft—with ci-
vilian as well as military cancellations—
down to 24,000 workers from 90,000.
Yet, even though the company has
closed out its operations in Chicago,
Oklahoma City, and Tulsa, it is using
only 2,000 workers to clean up its war
activities.

Lockheed, on the other hand, has an
exceptional civilian backlog, and em-
ployment has dropped only from 38,000
on V-Day to 32,000 now.

Shipbuilding plants working for the
Maritime Commission are rushing com-
pletion of their jobs and still can get
needed labor because they are on the
40-hour week with overtime payments.
Those working for the Navy, on the
other hand, have been told they can't
collect for overtime wages and so are
obliged to run on the 40-hour week;
they are beating the bushes for men
with certain skills.

Above Prewar—But these munitions
plants don't tell the whole story of re-
conversion. Many companies that have
seen on war work were turning out raw
materials and component parts. Now
they are making the same thing for ci-
vilian customers. Their employment has
been cut but still is way above the pre-
war mark as they help reconverting com-
ponents to stock up for civilian output.

We have, for example, been produc-
ing more steel in Pittsburgh, Chicago,
and San Francisco than in 1937. And
take a typical example in component
parts, New Departure's ball bearing
plant at Bristol, Conn. Today it em-
ploys 6,000 people against 2,000 pre-
war. Then in capital goods, there is a
big Cleveland machine tool works whose
prewar employment was 1,600 and to-
day has 2,638 workers. That gives some
idea of how we are still employing
1,000,000 people in "war" plants.



BLAZING AN AIR TRAIL THROUGH FOG

Fog shrouding the runway at Naval Auxiliary Air Station in Arcata, Calif., split at a signal last week and a B-24 glided through the 4,500-ft. hole to a safe landing. It was the continental debut of Fido, British-born, American-improved fog chaser. Seabees patterned the installation after one in the Aleutians. Pre-heated gasoline passing through burners in trenches along the runway ignites electrically, bursts into flame to vaporize the fog. Cost: about \$400 a plane. Under test is high-pressure fuel atomization; also a sonic disperser that bombards fog with siren blasts, shakes it into rain.

OPA at Crisis

Facing loss of ground in
Administration revision of its
price-wage policy, agency now
fights to hold what it can.

OPA is fighting with its back to the wall.

In its struggle to hold the price line against the flood of wage demands (page 100) and other strong inflationary pressures, the price agency faces the hostility of a large part of business and industry, many congressmen, and influential members of the Administration itself.

• **Negative Support**—Organized labor, once OPA's staunchest ally, is now too intent on getting a bigger paycheck to lend other than negative support. The consuming public and those members of Congress and the Administration who are not actively anti-OPA may be kindly disposed toward price control (OPA fervently believes that they are), but the noise they make is about like that of a toy flute in competition with a calliope.

OPA faces a showdown on four major issues:

(1) **Pricing of reconversion goods:** In varying degree, almost all manufactur-

ers of durable goods which are now coming back on the market—automobiles, electrical appliances, radios, and such—object to the pricing policies which OPA has laid down for them (BW—Sep. 1 '45, p15). They are carrying their objections to Congress and high up in the Administration, where they have received sympathetic attention from Reconversion Director John W. Snyder.

To the extent that they have deflected the attention of business, Congress, and the public from price problems, the unions' wage demands temporarily have taken the heat off OPA. This situation can be expected to change—to OPA's disadvantage—as soon as the labor front shows signs of clearing up.

(2) **Building costs:** This is now the hottest and probably, with respect to effective inflation control, the most hopeless problem confronting OPA. Snyder, who has the ultimate responsibility for formulating Administration policy on this point, is vacillating between the views of OPA, which favors price control for every phase of construction from basic raw materials through the final sale price of the finished house, and those of his own construction coordinator, Hugh Potter, who favors minimizing all controls.

(3) **Cost absorption:** Retailers and other distributors finally have come to

New Production Agency Takes Over Nov. 3

WPB, the agency most responsible for the mobilization of industry during the war, will bow into history Nov. 3 and its remaining job will be picked up by a newly created Civilian Production Administration.

• **Small at Helm**—At the same time, J. A. ("Cap") Krug, chairman of the production agency since the autumn of 1944, will be succeeded by his chief of staff, John D. Small, one-time naval officer and formerly western manager of Publiker, Inc., of Philadelphia (BW—May 12 '45, p15).

In contrast to approximately 23,000 employees at the peak of WPB activity and about 8,000 today, CPA will take over with no more than 4,000 persons—somewhat less than half of them in 13 regional and other field offices.

Whereas the WPB consisted of 15 major organizational units such as Office of Civilian Requirements and Office of Metals & Minerals, and a dozen bureaus, CPA will begin business with only five.

(1) **Industrial reconversion operations**: This bureau will concern itself with problems affecting particular industries which produce or use scarce raw materials and products such as rubber, lumber, tin, lead; a handful of textiles, chemicals, and construction items; and various civilian hard goods and equipment.

(2) **Reconversion priorities**: By virtue of its responsibility for appeals, inventory problems, compliance, relationships with other government agencies, and the modification of general priorities and allocation controls, this unit will complement the work of the Bureau of Industrial Reconversion Operations.

(3) **Field operations**: All functions outside the Washington headquar-



John D. Small

ters will be handled by this bureau, which will be especially active in compliance.

(4) **International supply**: This bureau will give its time to imports, exports, and international allocations.

(5) **Demobilization**: This bureau will devote its attention to general administrative work—records, budget, personnel—and to functional demobilization problems. It is this unit that will decide which remaining WPB functions should be closed or transferred to regular departments such as Commerce, State, Labor, and Agriculture.

CPA is not expected to last more than four to six months. During that time it will have jurisdiction over some 60 orders and regulations as compared with more than 600 prior to V-E Day, when WPB exercised unprecedented direction over the nation's industrial resources.

(4) **Subsidies**: Secretary of Agriculture Clinton P. Anderson's determination to get rid of wartime food subsidies while demand and price are still firm (BW—Sep. 22 '45, p7) may conflict with OPA's endeavors to hold the line on food. OPA would like to eliminate subsidies on meat, butter, etc., gradually as prices of other foods fall below ceilings. This way, say OPA economists, a net increase in the cost-of-living could be avoided.

• **Wage Policy**—The Administration can't duck much longer its responsibility for overhauling present outmoded price-wage policies (BW—Oct. 6 '45, p5). OPA inevitably will lose some ground in any

general policy revision. How much ground depends on how much resistance the Administration and industry can offer labor—and where. Talk in Washington has been that the Administration might extend blanket approval to all wage increases up to 10% or 15%, regardless of their effect on prices.

This idea now seems to have been shelved in favor of a compromise which would permit wage boosts (without regard to prices) wherever they might be needed to correct a long list of basic inequities, such as substandard wages or unpleasant working conditions (as in foundries—page 36).

• **OPA Must Go Along**—President Truman is thought to favor such a policy. OPA has no choice but to go along gracefully. What OPA wants is a detailed policy, carefully spelled out, which will absolve it from any responsibility for wage-making.

In general, business feels that price ceilings are working a hardship at present cost levels—even without the added burden of further wage increases.

As might be expected, OPA is meeting greatest resistance from those industries which converted wholly, or almost wholly, to war production and have had little experience with price controls. Anticipating that OPA must eventually give more ground, and with strikes and materials shortages impeding production anyhow, many makers of reconversion goods have been in no great hurry to get themselves under ceilings.

• **An Example**—The exchange between OPA and the radio receiver manufacturing industry is the most notable example of this cat and mouse game. Set manufacturers say that they can't get parts. Parts makers say that they can't operate under interim price increases (ranging from 5% to 11% over '41 prices) granted by OPA, that these ceilings will force many of them to produce below production costs, and that OPA's questionnaires are too complicated and time-consuming.

OPA's story is that the industry largely ignored questionnaires sent out early in August, that it was forced to send OPA accountants into 40 parts plants and still couldn't get data. Price officials privately accuse the entire industry—set manufacturers, cabinet makers, parts makers—of having gone on a production strike in an effort to force price concessions.

• **Increases Worked Out**—OPA has now worked out final parts price increases ranging up to some 25% over '41 levels. These have been gleaned from scanty data and neither OPA nor the industry is likely to be completely satisfied with them.

Unless higher authorities intervene, OPA will come down hard on manu-

a boil over OPA's determination that they shall absorb price increases granted manufacturers and processors up to the point where their "normal" peacetime (1936-39) profits are endangered. They have presented their views to OPA and to the House's Smith committee, which is investigating executive agencies, in a heavily documented study, "Retail Price Policy in the Transition," prepared under the auspices of the National Industrial Conference Board. If the Smith committee (which has a ferocious bark, but not much bite) can't get results, retailers can be expected to seek help elsewhere.

much resistance to the point of open defiance. After filing suit against Electric Household Utilities Corp., maker of the Thor washing machine, for boosting its prices above prewar levels without authorization (BW—Sep. 8 '45, p. 88), OPA has now announced that the company will be denied the 7.7% increase, recently granted the washing and ironing machine industry, as punishment for its failure to maintain production of low-priced models.

The real estate trade presents a united front against OPA's demand for control over the price of new housing. Actually, OPA has little hope of pushing such a program through, but the threat is counted on to blunt the industry's resistance to price controls on building materials and contractors' services (BW—Sep. 8 '45, p. 21).

Congress Will Balk—Even if Snyder decides to go along with a program of rigorous control in this field—a very doubtful eventuality—Congress can be counted on to balk.

OPA may have somewhat more success on Capitol Hill with reconversion pricing and cost absorption. Retailers do not seem to be making much headway in their fight against cost absorption. For one thing, their opposition is largely founded on the assumption that sales volume (which has made low-margin operation possible, and profitable, during the war) is bound to slump. Latest Federal Reserve Board figures (for the week ending Sept. 22) show department

store sales running 14% ahead of last year.

• **Self-Encouragement**—OPA comforts itself with the conviction that there is plenty of support for price control—if it can just be persuaded to speak out. Agency morale has been boosted by the results of a current survey among the 7,500 members of OPA's sundry business advisory committees.

Some 1,500 of the 2,100 answers to OPA's questionnaires received by the first of this week have been tabulated. They indicate that only 6% of OPA's business advisers think price control should be eliminated now; another 6% think it should go by the first of the year; an overwhelming 68% are in favor of continuing controls beyond that date; 20% didn't commit themselves.

• **Intramural Viewpoints**—As might be expected, many businessmen who favor price control as a general principle would like to get rid of it in their particular industries. Thus 34% of OPA's textile advisers favor removal of controls in this field by Jan. 1, 66% set a later date; in apparel, 34% say Jan. 1, 66% later; in food, 37% say now or before Jan. 1, 63% later; in building materials, 36% say by Jan. 1, 64% later. In all instances of those who said "later," the great majority specified July 1 and a few refused to commit themselves.

OPA also is pinning its faith on the man in the White House who lost his shirt in the haberdashery business after the last war and who has given assurances of his belief in price control.

Which Tax Plan?

Question for business is whether House proposal would be more advantageous than repeal of excess-profits tax.

The House version of the first post-war tax relief bill probably will get a major overhauling in the Senate, just as all the wartime tax bills did. The Senate is willing to go along on the individual income tax provisions of the House bill, but it may hold out for complete repeal of the corporate excess-profits tax instead of just a cut.

• **Doughton's Bill**—The bill that Rep. Robert L. Doughton's Ways & Means Committee served up to the House this week consists of four main parts:

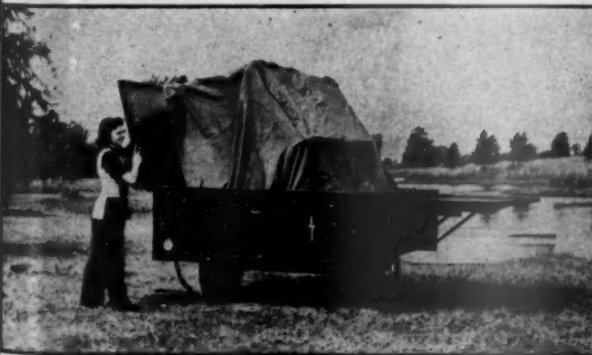
(1) Soften the impact of the 3% normal tax on individual income by allowing exemptions of \$500 for each family member instead of the present \$500 per taxpayer. Cut each surtax bracket by 4 percentage points, with the proviso that every taxpayer shall get at least a 10% reduction in his total tax.

(2) Reduce the excess-profits tax on corporations from the present 85.5% to 60%; the corporate normal and surtax from 40% to 36%. Repeal the capital stock and declared value excess-profits tax.

(3) Set July 1, 1946, as the expira-

FOLDING SUMMER ACCOMMODATIONS

Most recent offering of New Orleans' Higgins Industries for peacetime markets is a trailer which unfolds into a summer camp for two—complete with boat. Now in production, the trailer contains tent, mattresses, table, and storage drawers, is priced at \$496 retail without accessories—boat, icebox, stove, and portable shower. The trailer can be stored on a 2x6-ft. floor space by removing the undercarriage, storing it inside—or leaving it out and using the body as a storage chest. Higgins plans distribution of the trailer through established automobile agencies.



tion date for wartime increases in excise taxes and for the \$5 automobile use tax. When the cuts take effect, refund floor-stock taxes to merchants so that goods that are already in inventory can sell for the same price as new stock.

(4) Freeze the social security payroll tax at 1% each on employers and employees for another year instead of letting it jump automatically to 2 1/2%.

• **What It Would Do**—Altogether, the House bill would reduce the tax load by about \$5,319,000,000. Individual income taxes would be cut by \$2,600,000,000, corporation taxes by \$2,034,000,000 (including the refund of floor-stock taxes), excises by \$550,000,000, and the automobile use tax \$135,000,000.

The Treasury's proposals, presented by Secretary Fred M. Vinson a week ago, would have cut individual taxes by \$2,085,000,000, corporate taxes by \$2,555,000,000 (without allowance for refund of floor-stock taxes), and excises by \$550,000,000 (BW-Oct.6'45,p17). Vinson recommended outright repeal of the excess-profits tax with no change in the corporate normal and surtax for another year.

• **On Treasury's Side**—Sen. Walter F. George, chairman of the powerful Finance Committee, lines up with the Treasury on this point. His committee

probably will rewrite the bill to provide for complete repeal of the excess-profits tax and for leaving the normal and surtax at 40% for another year.

Business interests won't present a solid front in the choice between immediate repeal and the Ways & Means compromise. Although the excess-profits tax has been the most unpopular of all business taxes, the House bill is a better bargain for business than it looks on first appraisal.

• **Would Spread Relief**—For one thing, it would spread the tax relief more widely. (Figures presented to the Ways & Means Committee showed that about \$1,830,000,000 of the \$2,555,000,000 relief resulting from repeal of the excess-profits tax would go to 850 corporations.)

For another, it would make a significant cut in the normal-surtax rate, which is a more or less permanent part of the tax structure. The excess-profits tax is sure to be repealed in the next year or so, but as postwar revenue requirements become apparent, Congress will find it harder and harder to scale down the regular corporate income tax.

With this in mind, a number of business spokesmen think it would be smart strategy to trade another year of the excess-profits tax (at a reduced rate) for a permanent cut in the normal and surtax.

Gift Rate Ends

Congress finally passes bill outlawing rail land grant tariffs on government freight. White House O.K. is likely.

After 95 years of letting the government ride for half fare, the railroads finally can look forward to the end of the preferential "land grant" rates now enjoyed by Army and Navy shipments.

• **Truman Sympathetic**—In spite of a good deal of hair pulling, including a threatened filibuster, the Senate has just passed a bill that would require all government shipments to pay applicable commercial rates after Oct. 1, 1946. The House already has approved the same bill with comparatively minor differences. President Truman was sympathetic to land grant repeal as a senator, and so there isn't likely to be opposition from the White House.

From the railroads' standpoint, repeal comes too late to do the most good. Traffic experts figure that during the war the special rates have been costing the roads between \$20,000,000 and \$30,000,000 a month. By next year, government traffic will have fallen off and the cash advantages of land

New World Labor Group Gets Down to Business

The Big Three in the newly established World Federation of Trade Unions are (front row, left to right), Vassih Kuznetsov, representing the Russian unions, Sir Walter Citrine, secretary of the British Trade Union Congress, and Sidney Hillman, representing the C.I.O. (the pipe-smoker in the background is James Carey, C.I.O. secretary-treasurer.)

W.F.T.U. was set up by representatives of labor groups in 56 countries speaking for an estimated 66,759,000 union members. The only important group of organized workers not represented is the American Federation of Labor, which charges that, though Socialist Citrine heads the body, the World Federation is Communist-dominated.

The new organization will replace the International Federation of Trade Unions which, before the war, functioned as labor's international arm. The I.F.T.U., from which the Russians and the C.I.O. were barred, shunned politics and devoted its attention to labor matters not affected

by national boundaries. W.F.T.U. will have a different orientation. It is already attempting to induce the big powers to break relations with Spain and Argentina, and to provide full independence for India.

For the time being, W.F.T.U.'s

headquarters will be Paris, where its first meeting was held. But it is generally expected that the new organization will eventually find a permanent home for itself in whichever city is chosen as the new Geneva of the United Nations.



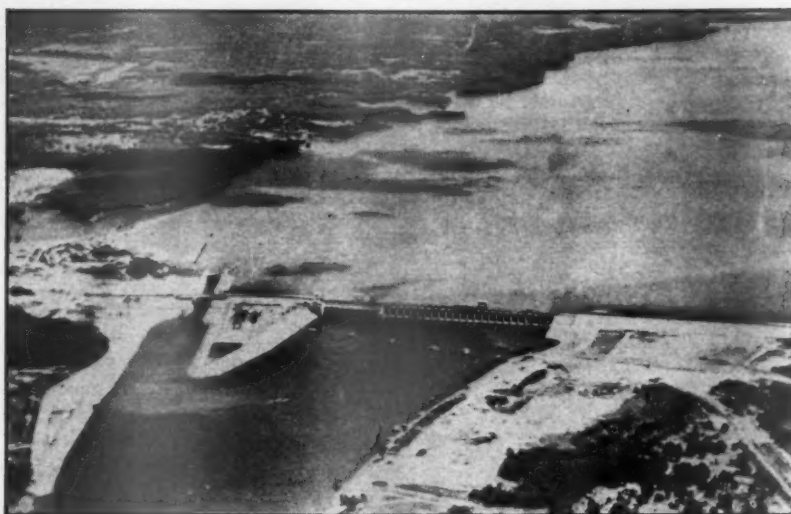
rate repeal to the carriers will correspondingly smaller. The roads, however, will be glad to settle for a cut-rate, no matter how long delayed. **Origins in Acres**—The origins of the grant controversy go back to 1850 when two grants of federal land—5,133 acres to the Illinois Central and 1,140,872 acres to the Mobile and Ohio—were made to encourage construction of a north-south transcontinental line. During the next 20 years, the government gave various railroads, most all of them in the south and west, a total of 179,284,978 acres from public domain (BW—Mar.25'44).

These were not right-of-way grants but bonuses designed to stimulate railroad construction. Roads still have 15,840,077 acres valued at \$60,000; the remainder has been sold. Roads accepted these grants happily and with them the condition that government shipments should receive preferential rates. At first the nature of this preference was not clearly defined, but after considerable litigation, it was determined that all government shipments should pay only 50% of regular rates. This special rate applies only to land grant roads, and only to the extent that land grant mileage can be used for the shipment, but to avoid loss to the government business competition of the land grant roads have equalization agreements. Thus, any shipment that could move over a land grant mileage, the government has been getting land grant rates even though some other route actually was

Many Attempts Sidetracked—In the Transportation Act of 1940, the roads agreed to get the special rates reserved from all government traffic except shipments by the Army and Navy (including troops). This looked good at the time, but when the U. S. entered the war, military traffic began to take up a larger and larger part of the roads' business.

Time after time, bills were introduced in Congress to repeal the land grant rates, but until this session all of them were sidetracked. Senate amendment set the cutoff date Oct. 1, 1946, and provided that in the meantime the funds would have gone for full fare which shall be set aside to finance a program for veterans.

Cases Pending—Abolition of the land grant rates won't make any difference in various cases now pending which involve an interpretation of what military traffic within the meaning of the 1940 act. Comptroller General Elsay Warren and his successors undoubtedly will go on battling with the roads for years over this particular question.



LAST LINK IN A LONG INLAND VOYAGE

With President Truman's dedication this week, Tennessee Valley Authority's Kentucky Dam (above) near Paducah, Ky., the key Tennessee River link in TVA's program, began its official career. By impounding a lake 184 miles long—TVA's largest reservoir—with a capacity of 4,570,000 acre-feet, it breaks the force of turbulent Mississippi and Ohio River floods, completes the channel between Paducah and Knoxville, and joins cities in between to the nation's vast inland waterways. Three power units already in operation turn out 96,000 kilowatts; two more units are now under construction.

Whose Sleepers?

Rival bidders may be in the running by time court holds a hearing on Otis syndicate's offer to buy Pullman Co.

Otis & Co., ebullient Cleveland investment house, is turning up the fire under the long simmering plans for separating the Pullman sleeping car service from car manufacturing and setting it up as an independent company.

Six weeks ago, Otis announced that it was heading a syndicate that was interested in taking over the operating end of the Pullman business (BW—Sep.1'45,p26). Now, it has just filed a bid with the U. S. District Court in Philadelphia—the court that ordered the separation of Pullman, Inc.'s two subsidiaries—offering some \$75,000,000 for the common stock of the Pullman Co., which is the car operating company.

• **A Young-Kirby Enterprise**—Teamed with Otis in the proposition are Robert R. Young, board chairman, and Allan P. Kirby, president, of Alleghany Corp. As heirs to what is left of the Van Sweringen empire (Chesapeake & Ohio, Nickel Plate, Pere Marquette, Wheeling

& Lake Erie), Young and Kirby for years have fought an unconventional but successful battle against bankers and various other railroad men.

Their feud with orthodox Wall Street (particularly with Morgan, Stanley and Kuhn, Loeb who used to handle practically all railroad business) is a classic. Their bid for the Pullman business, therefore, is independent by anybody's definition.

• **Rockwell Prepares**—The hearing on the bid is set for Nov. 5, but by that time, the Otis & Co. proposition probably won't be the only one in sight. Willard F. Rockwell, Pittsburgh industrialist, also has announced that he will put in an offer.

Rockwell already is chairman of four companies—Timken-Detroit Axle Co., Hupp Motor Car Corp., Standard Steel Spring Co., and Rockwell Mfg. Co. (formerly Pittsburgh Equitable Meter). He can count on comfortable connections with eastern bankers if he needs them to swing the deal.

• **Roads May Bid, Too**—Before Nov. 5 arrives, there may be a third group in the running. Pullman's original suggestion—that all the railroads using Pullman service form a new company to take over the sleeping car business—seemed to meet a chilly reception at first (BW—Sep.16'44,p32), but there is

a good chance that a group of roads will put in a bid after all.

Some of the roads that shied away from the idea of participating in a central pool now say they would be willing to go along if they could own their cars individually.

• **Dark Horses?**—In addition to these offers, there may be any number of dark horses. Pullman has given detailed information on its sleeping car business to at least two nonrailroad groups besides Otis and Rockwell.

Regardless of who wins, the price probably will be somewhere close to the \$75,000,000 bid that Otis put in. This also is the price Pullman quoted to the railroads. It represents Pullman's appraisal of the value of the physical properties of the sleeping car business—including some 6,200 heavyweight old cars and about 600 lightweight new ones.

• **Purchase Options**—The lightweights—valued at about \$35,000,000—are subject to purchase options held by the roads on which they now are operating. If the roads take up these options, the price paid to Pullman will be trimmed correspondingly.

Young, Kirby, and the rest of the Otis & Co. syndicate aren't particularly interested in the heavyweights. Their idea is to build up a sleeping car fleet the like of which never has been seen before. They have announced that they will spend \$500,000,000 to ultra-modernize Pullman equipment. Along with this, they predict, may go a combined rail and Pullman fare which will be as low as 3¢ a mile.

• **Of Different Schools**—Oldtime railroad men say they will have to see it proved before they believe it can be done, but Young and the oldtime railroaders rarely have seen eye to eye.

Rockwell's courtship promises are much more conservative. He plans to use the heavyweights on runs where speed is not important (Washington to New York or New York to Boston, for example). His outlay for modernization and expansion would be kept closely in line with a prudent estimate of what the business warranted.

The final decision as to who gets the Pullman business will be up to the court. Pullman itself asserts that it is maintaining scrupulous neutrality, although it shares a director (J. Frank Drake, president of Gulf Oil) with the Rockwell Mfg. Co.

• **Pullman's Position**—The separation, of course, was not Pullman's idea in the first place. After going through the anti-trust wringer, Pullman, Inc., parent of Pullman Co. and Pullman-Standard Car Mfg. Co., elected to get out of the business of operating sleeping cars and to keep its manufacturing subsidiary. To meet the court's requirements, it made the offer to the railroads, but since then it has left things to the court and the prospective bidders.

When the time comes for the court to consider bids, the railroads may prove more outspoken in their sympathies, and the railroads are in a strategic position in this situation. Anyone who takes over the Pullman business will have to have some assurance that he can make operating contracts with the roads.

• **Talking to the Roads**—Both Rockwell and the Otis & Co. group have been talking to the major roads; neither has made any definite arrangements as yet. An Otis & Co. spokesman says that a majority of the 63 roads that now have Pullman contracts look on his group "with a friendly eye."

Wall Street thinks that most of the

roads will throw their weight in one or the other direction—either toward Rockwell or toward a railroad pool. This may be a long way to offset the fact that Young stands in well with the Dept. of Justice Antitrust Division, which started the whole thing in the first place.

Charlestown Fin

Indiana boom town shrivels
as giant munition plant closes
Cleanup jobs cushion blow
town's retail merchants.

Charlestown, Ind., knows what it feels like to be run over by a steam roller made of gold and stoked with thousands of dollar bills. Particles and pockets of wealth remain but, compared to the peak, the community is flatter than a flapjack.

• **Going Up**—Into the rolling pastures and cornfields bordering this farm village, the government plopped one of its first and biggest powder plants (BY Nov. 2 '40, p. 26). Uncle Sam poured nearly \$300,000,000, buying farms, building manufacturing facilities. At its height, this expansion gave jobs to 15,000 persons, swamped the town on Friday under a payroll of more than \$1,000,000.

In 1940 Charlestown had 950 souls. Population jumped to 4,000, to 5,000, to 6,000, where officials lost count. Minimum estimate was 15,000. Last August, when work on a new rocket-powder plant (to be operated by du Pont) was stopped a few days later the collapse of Japan closed the original powder plant which du Pont had operated and the bag-



When the du Pont powder plant (above) in Charlestown, Ind., closed last August, it signaled the end of the boom that swelled a population of 950 to an estimated 15,000, the weekly payroll to more than \$1,000,000.

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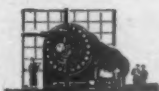
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On Charlestown's Main Street, payday used to bring block-long lines of workers who came to bank and spend; now it brings only a few straggling shoppers.

ing plant under Goodyear management.

The buggy ride was over. Route 62, main highway out of Charlestown, was choked with a motorized exodus. It was a cheerful dispersal. They yelled farewells to each other: "Great while it lasted," "See you in the next war," "Social security, here I come!"

• **Going Down**—Charlestown shrank faster than it expanded. Present population probably is in the neighborhood of 3,000. Shutdown of the powder plants also affected a wide radius from which workers had been drawn. It included much of southern Indiana and Louisville, across the Ohio River.

Louisville, like the nearby Indiana cities of Jeffersonville and New Albany, had peacetime industries to fall back on. But Charlestown's industry consisted only of a small ice plant and a feed mill. Despite its dazed condition, the community is taking an inventory of net gains and hoping that du Pont or some other big company will find a use for the colossal federal waif that has been left on its doorstep.

• **Bulging Bank**—Most concerned about the future is S. E. Bolly (pronounced bole-y) who personifies the town's finance and industry. Bolly is president of the First Bank of Charlestown and treasurer of the Charlestown Milling Co. (ice, coal, grain, feed, fertilizer) of which his son, Ward Bolly, is president.

Bolly senior has heavy shoulders, a leonine head, and a mane of white hair. He admits being more of a feed man than a banker. There is awe in his tones as he describes the three rip-roaring years just past:

"By May, 1944, deposits in our bank

reached \$900,000. At the peak, before the powder plants closed, deposits were \$2,200,000. They are down to \$1,800,000. On the big wartime days the line waiting to cash checks extended for blocks. We had to open a second office to take care of the business."

• **Ice Statistics**—The powder plant were hot work judging from ice plant figures. To cool the drinking water, du Pont plant contracted for \$272,000 worth of ice from the Bollys for summer. Only \$72,000 of the order actually delivered and that involved paying extra tonnage as far away as Cincinnati. Plenty of ice was available in cities but not enough trucks or labor to deliver it.

On the strength of the glacial order the Bollys decided to build a new plant. It was to have been in production during the past summer but machinery suppliers fell down on deliveries of the powder plant shutdown found Bollys with a nice new building nothing inside with which to make. Moreover they weren't able to cash their contracts for machinery.

"Yes," Ward Bolly admitted ruefully "when the equipment finally gets here we'll have a modern, \$45,000 ice plant. But it will be several sizes too big for the community."

• **New Customers**—Hadn't their business been undermined by the buy-up of so many farms for the government project?

"Not as much as you would expect," commented Bolly senior, "The government bought 200 farms covering about 18,000 acres, including some of



Jet-propelled P-80 "Shooting Star" (U. S. Army Air Forces Photo)

Bullet with Wings

It's an old idea that gave bullet-like speed and climbing power to the jet-propelled airplane.

As a motivating force, the basic principle of jet propulsion dates back hundreds of years—but it took modern skill and ingenuity—it took the best of materials—to produce a practical jet engine.

Important among these materials are Republic Electric Furnace Steels, including Enduro Stainless Steel. These alloys permit the use of temperatures which would warp or oxidize less resistant materials. They are used, also, to insure safety in the shaft connecting the impeller and turbine.

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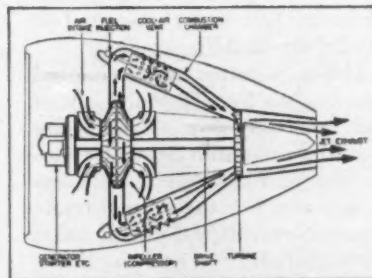
Because they are "targeted" by the

close control possible only in electric furnace melting, these steels hit difficult specification marks *every time*. Because they are as **CLEAN** and **SOUND** as steel can be made, they insure against hidden inclusions. And because they are *consistently* **UNIFORM**—free from practice-upsetting variables—they enable manufacturers to obtain full benefits from mass production methods.

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—and what makes it go

Air, as cold as 75° below zero, enters the engine, is compressed by the impeller and whipped into the combustion chamber where fuel burns fiercely. Pressure is increased by the action of the impeller and the combustion increases the temperature to 1500° and higher. The terrific blast thus created spins the turbine at thousands of revolutions per minute, then rushes out the jet exhaust to give forward thrust to the plane.



REPUBLIC

—Leader in the Production of
ELECTRIC FURNACE STEELS

"QUALITY" steels . . . alloy . . . stainless



First National Bank, Baltimore, Maryland.

MORE SERVICE . . . with FEWER elevators

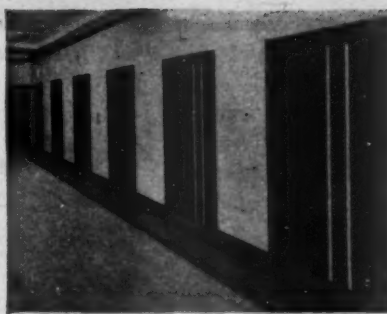
THE First National Bank Building of Baltimore, Maryland is another of the many buildings in which elevator modernization by Otis resulted in better service at less operating cost.

Originally, this building was equipped with six Car Switch Controlled Gearless Elevators. All six elevators had to be operated to handle the building traffic.

These elevators were changed over to Otis Peak Period Control and now only five elevators are required to handle the traffic during the morning, noon, and evening peaks. For the normal traffic requirements only four elevators are required.

Whatever your transportation problems . . . regardless of the height or type of your building . . . your Otis representative is ready to consult with you or your Architect.

For the finest in vertical transportation tomorrow, call your Otis representative TODAY.



Partial view of 1st Floor lobby showing elevator entrances.



Partial view of the Penthouse Machine Room after Otis Modernization.



ELEVATOR COMPANY

OFFICES IN
ALL PRINCIPAL CITIES

best land in the county. But our trade didn't suffer much. We strangers come in and buy while powder plant was operating. Discover they were farmers from other parts the state who were working over the Feed was hard to get so these fellows would drive to work in pick-up trucks and load up with feed here before they went home at the end of the week. Demand has held pretty good since shutdown because the country is full livestock and farmers have plenty money."

• **Land Boom**—The 18,000 acres in plants is about one-tenth of all the farm land in Clark County. Much of it was commandeered for the rocket powder plant late last year. Some farmers were given only 30 days to vacate. During last December and January there was a farm sale every day. Pending actions, stock was held in barns and yards. Bulldozers and power shovels worked over the nearby pastures under the astonished eyes of hogs and white-faced steers.

Sales of stock and farm machinery brought good returns. Smart farmers got high prices for their property. Those who didn't accept U. S. appraisals could take their demands to court. Wholesales of profits circulate to entice the who put up no fight.

• **Generous Jury**—A group of 16 recruits joined in a suit against the government's condemnation prices. A sympathetic jury gave them far more than had been offered. One of these was C. Lentz, famed for winning the title of international corn king in 1935. Lentz bought land in another part of the state and resumed farming. So did many of the others.

Not a few held off. They are mostly old men, as the youngsters had been taken by the armed services or had left for distant war plants. These well-heeled but landless farmers can be spotted in the southern Indiana towns—leather characters, straight from the pages of James Whitcomb Riley, who look comfortable in city clothes and alien paved streets.

• **Dilemma**—Some have retired but others haven't bought because of the inflation in farm prices. Since the war began, values have increased 55% to 65% in Clark County, good land costs around \$150 an acre. Those who are holding on to their money are worried by a rumor that they must buy within two years of the time when they sold become liable to a 25% capital gains tax on their profits but "maybe this just being passed around to discourage speculators."

Local tax revenues are still so high that officials aren't losing sleep over the 18,000 acres of government land that



his desk, S. E. Bolly, Charles-
town's leading capitalist—head of the
First National Bank and treasurer of
Charlestown Milling Co.—sizes up
the effect of the war plants' shutdown.

tax free. Possibility that the gov-
ernment may sell the acreage back to
farmers is discounted. "It's probably no
good for farming now. All cut up with
d roads, pipelines, buildings. And
they tell me there's an igloo [earth and
concrete storage mound] every few hun-
dred feet."

Survivors—Charlestown retailers have
yet felt the loss of farmer patronage,
largely because some 4,000 men remain
in the powder plants for final ministran-
ces. They are putting machinery and
planes in stand-by condition.

But the stores know that the big
trade is over. These remain in local
hands. Chain stores avoided Charle-
town because of the temporary nature of
the powder plants. Three outside retail-
ers have come and gone. One of these
was encouraged to depart by sales rec-
ords that totaled \$700 the Friday before
the Japanese collapse and \$40 the Fri-
day following. Three restaurants also
have withdrawn. Store owners about the
little square are glad that the blow
came before they had put into effect
plans for new fronts and larger build-
ings.

Prophecy—Nothing definite has been
announced concerning the future of the
powder plant. Chambers of commerce in
northern Indiana and in nearby Ken-
ucky are beginning to chant that
Charlestown may be expected to be-
come the rayon-nylon production cen-
ter of the country." Charlestown citi-
zens find too many maybes in the
prophecy. Until the chamber of com-
merce chant is properly and officially
theatricalized by du Pont, Charlestown
will try to entice new industries with
other arguments.

Clifford L. Bevier, who runs Hos-

The Man who Shops for Portland Housewives!



HE IS HY COHEN, creator of the Oregon
Journal's daily column, the "Market
Basket," a famous Journal feature for
43 years. To bring Journal readers this
unique marketing guide, Cohen rises
daily at 2 a.m., covers the city's whole-
sale produce markets with a busy pencil
and a practised eye. He samples,
thumps, inspects—finds precisely what
quality fruits, vegetables, meats and
fish are available each day and at what
prices. Portland women for three
generations have relied on Hy Cohen's
"Market Basket" to help them with
their daily marketing.



ANOTHER FEATURE which helps cinch
The Journal's preferred status is Mr.
Fixit's column. No receptacle for sob-
sister journalism or advice to the love-
lorn, Mr. Fixit's column gives help.
Typical is finding a teacher for a
country school, getting a harmonica for
a lad in the merchant marine, locating
missing heirs for an insurance company.
Every week hundreds of Journal read-
ers write to Mr. Fixit because they
know Mr. Fixit gets hundreds of things
done. The fact that The Journal brings
Mr. Fixit to its readers, brings readers
by the thousand to The Journal.



ONE OF THE FAVORITE—certainly the
noisiest—Journal feature is the Oregon
Journal Juniors, an organization en-
joyed without cost or obligation by
60,000 boys and girls—Oregon's future
citizens. For more than two decades
The Journal has sponsored this lively
enterprise... leading the youngsters
through such constructive outlets as
model boat competitions, stamp collect-
ing, athletic contests, and their own
weekly talent show. Reader response
shows that the kids' daily column is
perused enthusiastically by many of
their elders—proof again that folks
in Portland read and like what's in
The Journal.



FOR THE JOURNAL's feminine follow-
ing, there's Mary Cullen's Household
Arts Service, a feature which keeps
Portland homemakers as attached to
the women's pages as their off-spring
are to the Journal Juniors. The Journal's
Mary Cullen does more than dispense
recipes. This comprehensive service
covers every phase of homemaking in
daily columns in The Journal. And, in
addition, every day a staff of seven
graduate home economists answers an
average of 560 telephone queries...
takes care of some 250 letters... greets
over 350 downtown visitors in Mary
Cullen's "cottage."

IT ALL ADDS up to the happy fact that
here is a newspaper which is consistent-
ly winning and holding its readers.
Through the years The Journal has de-
veloped a knack for growing into the
lives of families in the Portland com-
munity. Since it is Portland's preferred
newspaper, it should be your preferred
advertising medium in this important
Pacific Coast Market. Incidentally,
The Journal now offers advertisers the
largest circulation, both daily and
Sunday, in its history!



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and Pacific Parade Groups

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are a big help
on reconversion jobs
in plants



Industrial plants will find Hein-Werner Hydraulic Jacks have many uses. These compact, super-powerful, easy-operating jacks are great for lifting heavy loads, moving machinery, pressing gears, pinions or bushings.

Made in models of 3, 5, 8, 12, 20, 30, and 50 tons capacity. For details, consult nearest industrial supply distributor, or write us.

HEIN-WERNER MOTOR PARTS CORP.
Waukegan, Wisconsin

HEIN-WERNER
HYDRAULIC JACKS
Are Built Right and Priced Right



Does Everything
but turn in Alarm...
FIRE LOSS - \$75,000

This Watchman, according to a rating bureau report, tried to phone the owner, fought the fire alone, ran a quarter mile to awaken an employee—did everything but turn in an alarm.

An untrained, unsupervised Watchman is a menace to the safety of your plant. Protect your property with a tamper-proof DETEX Watchclock System. Send for FREE DETEX Manual which helps train watchmen for any emergency.



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tettler's Department Store, is chairman of a committee which is seeking tenants for the abandoned war baby. Its facilities include two huge powerplants, modern buildings, railroad, good road systems inside and outside the fence, river frontage. Charlestown itself emphasizes improved water, sewage and street systems, new government-built

housing. Money has been appropriated for a new \$20,000 town hall.

The plans include a fire station and two-cell jail. Mention of the latter evokes heroic memories. "One Saturday night," says a Charlestownian wistfully, "our calaboose got full early. The police had to charter a bus to take 35 drunk over to the Jeffersonville jug."

G.M.'s Wilson Has a Reconversion Date

If you have been a good listener, you will know that an accepted start for sounding off on reconversion problems is to say:

"Now, if I were president of General Motors..."

And if you actually were president of General Motors, you could sum it all up in the sentence that the Chicago Executives Club heard last week:

"Our current problem is not only how much will cars cost and then sell for, but whether we will be able to produce any cars at all for many months."

• **In the Middle**—Charles E. Wilson, who told the Chicagoans this in the course of the speech he made to them—mostly about the labor situation which threatens to be G.M.'s biggest reconversion problem—has had to be good at summing things up. He has had C.I.O.'s Walter Reuther arguing wages on one side of him and O.P.A.'s Chester Bowles debating prices on the other side. For him, all the big reconversion problems are marked "complex" and "urgent."

He does the summing up without fireworks or dramatics, like the engineer he is, from a rather solidly based set of ideas that he has acquired in his 55 years. One of those ideas is that facts will prevail. It sticks out of a letter that Wilson wrote to Reuther, also last week, on the subject of the auto union's 30% wage-increase stand and concluded with summary statement, "For all the above reasons, we reject your unreasonable demands." But, since the days of the unprecedented Wilson-Reuther debate over the "Reuther Plan" of war production in March, 1942 (BW-Apr. 4 '42, p. 70), G.M.'s president has believed an added conviction that a smooth fluency in public relations will help a lot in making the facts prevail.

• **Up From Engineering**—Wilson has had a long training in industrial facts since the days he started as a student engineer apprentice with Westing-

house in 1909, just after he was graduated from Carnegie Institute. In 1919, he moved from Westinghouse to the then-young General Motors organization as chief engineer and sales manager of the auto division of Remy Electric Co.

After nine years, in which he took over the presidency of Delco-Remy Corp., he went on to G.M. headquarters as a vice-president. During the depression years his recommendations helped to lead G.M. into diesel, aircraft, and electrical ventures that stand the corporation in good stead today. In 1939, he became G.M.'s executive vice-president and in 1941 was named to the presidency that William S. Knudsen had vacated to enter government service and eventually put on a general's uniform.

• **Into the Limelight**—Wilson's sudden entry into the limelight at a time when he was barely known outside the company left him uneasy for a while, but an engineering earnestness and persistence have carried him a long way in public as well as in private. Gray hair that is apt to become a little rumpled as his day goes on and a vague resemblance to Will Rogers in the way he holds his lower lip haven't hurt him as a public figure.

Wilson's favorite recreation interest is horseback riding. In extracurricular reading he goes in for biographies, history, mysteries. He leans to gray suits, quiet like himself.

• **A Job to Do**—At Delco-Remy he once rode an elephant in a parade. Riding an elephant is something of extremely dubious kinship to the Wilson nature, but it seemed like a good way to start off an employees' circus. In a sense, the incident is typical—Wilson is apt to do what he thinks should be done, without regard to what he considers extraneous circumstances. It's something you can count on—and pass judgment on—sometime after the United Automobile Workers take that Oct. 24 strike vote at G.M.

Shipping Paradox

Nation has 5,000 ships but their use for domestic cargoes awaits lifting of barriers. WSA decides to show the way.

Paradoxical plight of the U. S. domestic shipping industry is that although the country owns the greatest fleet in the world—more than 5,000 vessels totaling 58,000,000 deadweight tons and costing \$15,000,000,000—no shipper can buy space for civilian goods and no ship operator can pick up civilian cargoes.

• **Triple Obstacles**—The tangle is three-fold:

Technically the fleet is still controlled by the United Maritime Executive Board, the wartime shipping pool set up by the United Nations.

Some of the ships are those which the Maritime Commission borrowed or bought from private operators, and still controls. Many of these upsets date back to the world war.

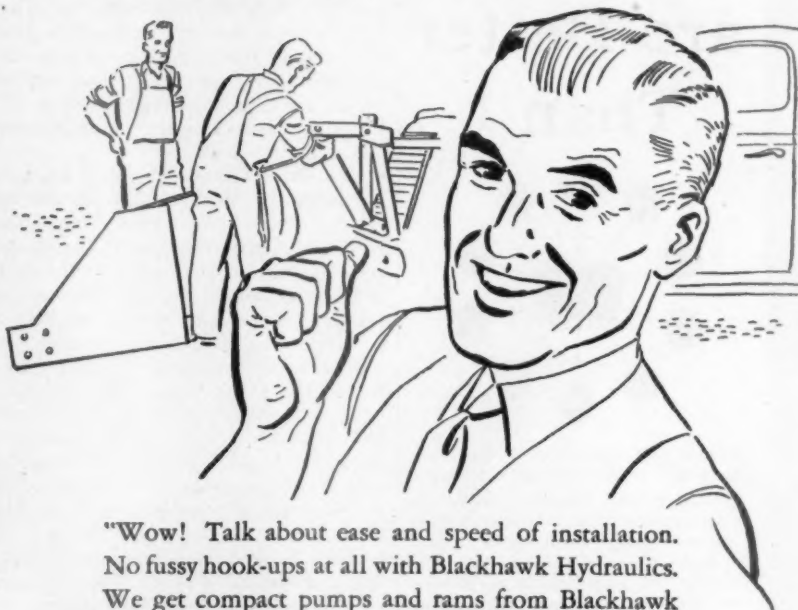
The rest are government-built cargo ships that are awaiting legislation to govern their sale or charter to private operators.

• **WSA Steps In**—Last week, however, the War Shipping Administration made a start toward breaking this logjam. It announced that with permission of the Interstate Commerce Commission, it will start functioning as a common carrier in intercoastal shipping (between East and West Coast ports, via the Panama Canal) on Nov. 1.

The authority granted by ICC also covers coastwise shipping (along the Pacific, Atlantic, and Gulf Coasts and to Hawaii, Alaska, and Puerto Rico), but what is left of the 83 companies that operated 290 ships in that trade before the war must await further WSA "planning and programing." Normally, coastwise trade exceeds intercoastal. In 1937, for example, it handled 119,000,000 tons compared with intercoastal's 7,000,000. Ships in these two trades represent 70% of the entire U. S. ocean-going merchant marine. No vessels have yet been allotted for reestablishing foreign trade, which normally accounts for the other 30% of the total fleet.

• **Prewar Operators as Agents**—For its resumed intercoastal service, WSA will allot 55 Victory ships—government-built for the recent war—to the twelve prewar intercoastal operators who qualified, under ICC's order, to function as WSA's agents. They are American Hawaiian, American President, Arrow, Calmar, Isthmian, Luckenbach, Pope & Talbot, Pacific Coast Direct, Quaker Line, Pan-

Blackhawk Hydraulics RATE with the Men Who Install 'em



"Wow! Talk about ease and speed of installation. No fussy hook-ups at all with Blackhawk Hydraulics. We get compact pumps and rams from Blackhawk and just slip 'em into place. And, in our case it didn't take special planning or designing to change our equipment over to Blackhawk Hydraulics".

Equipment Manufacturers Can Profit from These Exclusive Advantages of Blackhawk

• **Lower cost** — greater power in a more compact unit means less material — less installation and engineering time in fitting into modern equipment.

• **Rugged and simple** — eliminate many mechanical parts. Means less friction and wear.

• **More speed and convenience** — finger-tip controlled Blackhawk High Pressure Hydraulic Systems give your products outstanding selling advantages.



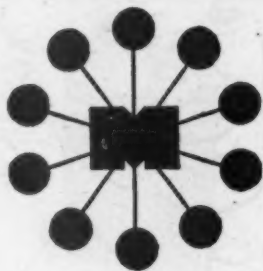
22 years of specialization in mass production of precision-built hydraulic units has enabled Blackhawk to build hydraulic systems with internal pressures up to 10,000 pounds per square inch. That's TEN TIMES what's often found in ordinary hydraulics.

Blackhawk is a dependable source for hydraulic units in large quantities. Submit your hydraulic questions to us. We will counsel in confidence. Write Blackhawk Mfg. Co., 5300 West Rogers St., Milwaukee 1, Wis.

BLACKHAWK

High-Pressure Hydraulics

10 Heads are Better Than 1



That's the principle of our new Monsanto Plastics Technical Council. Created to offer technical counsel to every manufacturer interested in plastics, every molder or fabricator... it is made up of ten picked experts representing ten major fields of plastics practice, e. g., thermosetting molding materials, thermoplastic molding materials, vinyl resins, industrial resins, product styling, basic research, material development, production techniques, surface coating resins, and sheets, rods and tubes.

Your plastics problem, simple or complex, whether it concerns methods, materials, design or costs, will get thorough analysis by these men whose combined, diverse experience in this young industry totals more than a hundred years.

Your answer will be given in a written report, practical and comprehensive, bearing the seal of the Council... your assurance of an unbiased, expert, recommendation, one you can go to work on.

If you are in doubt about what plastic to use... or whether to use a plastic at all... if you're puzzled by conflicting advices... we invite you to put your problem before this council. The Council meets regularly at Monsanto Chemical Company, Springfield, Massachusetts. To save time and insure the best possible understanding of your problem we advise asking in advance for our questionnaire form. Address all inquiries to MONSANTO CHEMICAL COMPANY, Monsanto Plastics Technical Council, Springfield 2, Massachusetts.



ama Pacific, Weyerhaeuser, and Luckenbach Gulf.

Total deadweight tonnage of the 55 ships is only about 600,000, compared with a prewar intercoastal fleet of 151 vessels (of 2,000 or more tons each) totaling 1,435,061 deadweight tons. The Victory ships, however, may carry a proportionately greater amount of cargo in a given time than the prewar vessels could, since their average speed is 15 knots, compared with the 9-knot average of the prewar fleet.

• **Old Rates Prevail**—So far WSA has not made specific allotments of vessels, nor has it established sailing schedules or listed eligible cargoes. It has, however, announced that rates to shippers will be the same as those in effect when intercoastal operation was suspended.

While somewhat disappointed in the number of ships involved, operators welcomed the WSA plan. The operating plan will enable them to experiment with postwar operation at postwar costs while WSA holds an umbrella of guaranteed compensation. Sole opponent to the proposal, as presented to ICC, was the Assn. of American Railroads.

• **Other Barriers**—Some progress is being made on other major stumbling blocks to resumption of domestic shipping:

(1) At the United Maritime Executive Board's current Washington meeting some action may be taken to shorten the life of the ship pool, which was scheduled to remain in effect until six months after cessation of hostilities. The meeting is expected to facilitate return of requisitioned and chartered ships to their owners.

(2) After two years' deliberation, the House Marine & Fisheries Committee has favorably reported the Bland bill, and the measure is now before the House for debate. This bill, which provides for the sale and charter of war-built, government-owned cargo ships, has been the center of a heated controversy between the Maritime Commission; subsidized and unsubsidized steamship operators; coastwise, intercoastal, and foreign operators; railroads and other forms of transportation.

• **What Bill Provides**—The Bland bill provides that:

(1) The U. S. Maritime Commission will be the sole disposal agency for surplus war-built vessels.

(2) U. S. companies would have priority over foreign purchasers.

(3) Price differentials would be established for subsidized and unsubsidized operators, and for coastwise and intercoastal purchasers. For U. S. buyers, prices would be fixed (at roughly half wartime construction costs) by a formula involving such factors as prewar costs and foreign construction costs. For noncitizens a minimum would be

Flowers Around the World

Telegraphic delivery of flowers around the world is being reestablished by the Florists' Telegraph Delivery Assn.

Delivery arrangements between the United States, Canada, and Mexico have already been extended through British Florists' Telegraph to cover the British Isles, Belgium, France, Sweden, Switzerland, and Holland. Service to Australia and New Zealand will soon be available and other continents will be added later.

The F.T.D.A. will continue indefinitely its special armed forces service bureaus in Detroit and Toronto, through which 2,000,000 flower orders from post exchanges in this country and abroad have been handled.

determined somewhat under foreign construction costs.

(4) Sales to foreigners would be limited to certain types of vessels.

(5) U. S. companies would be permitted to trade in their obsolete and over-age ships.

• **Past Experience**—Upon this bill, or whatever legislation finally determines disposition of war-built surplus ships, hangs the future of coastwise and intercoastal shipping.

Actually, one of the causes of what Admiral Emory S. Land, WSA administrator, calls the industry's prewar "financial anaemia" was the dumping of government ships built during the last war.

From 1921 on these ships were sold under fluctuating policies and at various prices—the low being an average of \$20.98 per ton received for 71 vessels which had cost \$200 a ton to build. Result of this dumping was overtonnage of the domestic fleet, with consequent rate wars.

• **—And Prewar Troubles**—This and other prewar ills of the domestic fleet were diagnosed in a U. S. Maritime Commission survey of 1939. These prewar ailments included:

(1) Increased costs of fuel, supplies, wages, and other factors, which are still mounting. Cargo handling alone, which then constituted one-third of total operating expense, is now more like 50%, according to H. E. Stocker & Associates, consultants on materials handling.

(2) Inequitable competition, not only within the industry from lines which had acquired their ships dirt cheap from the government, but from railroads. The latter had obtained, from time to



Cotton's Market

Southern cotton's market is as big as the globe and as widespread as its two billion people. And so it will be for many years to come.

Not only because there'll be an unprecedented demand for the good cotton textiles of the South, but also because American ingenuity is finding dozens of promising new uses for King Cotton.

There will be cotton insulation for postwar homes . . . stronger cotton cord for postwar automobile tires . . . cotton laminated plastic . . . cotton paste . . . to mention only a few of the bright spots on cotton's prospect list.

As cotton men look to the future with confidence, so do all Southern manufacturers, merchants and farmers. And no wonder!

For only the Southland offers the unique combination of mild climate, fertile soil, rich natural resources, good labor supply . . . and the dependable, efficient all-weather mass transportation service of the 8,000-mile Southern Railway System.

Maybe your postwar markets will look better if you, too . . . *Look Ahead . . . Look South!*

Ernest E. Harris
President

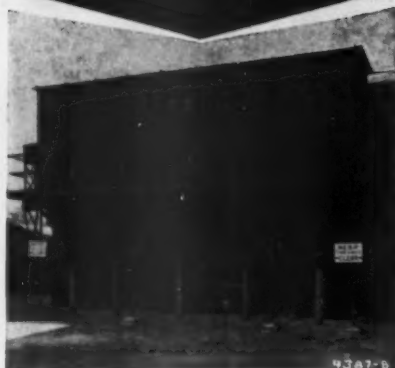


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The Southern Serves the South

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★ SLY Dust Filter used for the collection of fine, float, silica dust in a large southern California plant. Thousands of other SLY Dust Filters are used similarly for suppression and collection of injurious dusts.

Sly pioneered in the development of positive dust collection and were the original patentees of cloth type filter

The most effective—as well as simplest and cheapest—method of collection is by cloth filtration. The Sly Filter uses more cloth than any other and hence has greater filtering capacity.



This additional capacity plus savings in operation and maintenance make the Sly Filter most inexpensive in the long run. Ask for Bulletin 98 and state your condition so that we can write you fully.

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PIONEERS IN *Scientific*
DUST CONTROL

time, ICC permission to reduce rates between water-competitive points, while maintaining higher rates between inland points. Railroads have also successfully opposed joint rail-and-water rates which would have enabled water lines to share their freight traffic.

(3) Insufficient revenue to meet capital charges, depreciation, and reserve for replacement—a condition partially due to what some in the trade bluntly call “the dearth of brains in the shipping business.” The lines have also indulged in unsound financial practices—declaring dividends, for example, without making provisions for replacing the fleet.

(4) Unfavorable economic conditions—in a word, the depression.

• **Pioneer Profits**—But coastwise and intercoastal shipping—restricted since 1817 to American vessels—have not always been unprofitable. Coastwise shipping flourished along the Atlantic beginning with colonial days, when it was the only practical means of transporting goods.

Intercoastal shipping, despite the long trip around the Cape of Good Hope, boomed after the California gold rush of 1849 and the occupation of California by U. S. troops during the Mexican war. By 1853, vessels irregularly engaged in intercoastal trade totaled 216. By 1854, the Panama Railroad enabled passengers and freight to be transported across the Isthmus.

“Sail to rail” diversion began in 1869 with the completion of the first transcontinental railroad, the Union Pacific. In 1878, not more than 25% of California-bound tonnage went by rail, but after that intercoastal traffic gradually became less significant. Upon completion of the Panama Canal in 1914, six intercoastal lines were established; in their first year they carried 175,000 tons of cargo a month.

Prewar domestic shipping cargoes were substantially less than those of other carriers. Again using 1937 figures, when intercoastal cargoes totaled 7,000,000 tons and coastwise cargoes totaled 119,000,000 (both in ships of 1,000 gross tons or more), railroads carried approximately 1,000,000,000 tons of freight, while trucks carried 300,000,000 tons.

• **Behind the Anxiety**—Obvious question is why should the U. S. be so deeply concerned with maintaining this quantitatively less important transportation media? The answers are equally obvious:

(1) Coastwise and intercoastal vessels carry low-rate commodities which otherwise could not be so profitably distributed over wide areas: coal, petroleum, lumber, iron, steel, sulphur, machinery of all kinds, agricultural

products, processed foods, paper stocks, etc.

As is so clearly pointed up by the ship operators' present plight, in wartime the country must rely on its domestic fleet to carry vital cargoes.

AP MUST REWRITE BYLAWS

Effect on the newspaper industry of this week's refusal of the Supreme Court to rehear the antitrust case against the Associated Press cannot be accurately appraised until the news agency's amendment of its bylaws affecting admission of members is adopted and placed into effect.

The Supreme Court's 5-to-3 decision last June affirming a lower court finding that the bylaws restrain trade and thus violate the Sherman antitrust law (BW-Jan. 22 '44, p. 87) has been interpreted to mean that the AP must open its membership to competitors of its members. If in rewriting its bylaws, as the court directed, the AP accepts this interpretation, book value of exclusive AP franchises in big U. S. cities might have to be written down. AP itself, in petitioning for the rehearing, argued that the court's ruling would set in motion a trend toward chain operation which would threaten the existence of the local newspaper by largely destroying the value of AP service to the local publications.

Some publishers, however, argue that the court's ruling enjoined AP only from rejecting membership applications on the ground of competition between the applicant and AP members. They say that amendments to the bylaws might conceivably impose other membership qualifications which would serve to preserve exclusivity of AP franchises, for the present at least.

GLASS CASE NEARS END

Final disposal of about \$20,000,000 in patent royalties from glass container manufacturer licensees of the Hartford-Empire Co., and settlement of future royalty terms and relations between Hartford and its licensees, are spelled out in an order which U. S. Judge Frank Le Blond Klobb has set down for hearing Oct. 22. The royalties were impounded by the court during the pendency of the antitrust suit terminated by Supreme Court decisions last winter (BW-Jan. 13 '45, p. 20; Jan. 20 '45, p. 21).

The order, worked out by representatives of container manufacturers, Hartford, and the government, provides for the return to licensees of more than \$13,000,000. The balance is to be retained by Hartford to cover expenses for services rendered. The agreement also provides for a substantial reduction in

NEW TELEPHONES FOR YOU!

Full speed ahead on our biggest peacetime job

WHEN the war ended, Western Electric, to the extent permitted by war regulations, had already made a start on its *regular* job—supplying the equipment the Bell System needs to give you telephone service.

Today, conveyors like this are carrying thousands of new telephones.

But it takes far more than just telephones to provide service. It takes cable, central office equipment and many other complex items that cannot be produced and fitted into the System overnight. To get back into full production of these things, and provide maximum employment, reconversion was started the moment the war ended—with every available mechanic engaged on a seven-day basis.

Western Electric, supply unit of the Bell System, is now tackling the biggest peacetime job in its history. Furnishing materials and equipment to meet the System's immediate needs—and then to carry out the System's \$2,000,000,000 post-war construction program—promises a volume of production greater than in any peacetime year and a level of employment higher than in the years immediately preceding the war.

It's mighty good to be back on our old job—and you can count on us to make up for shortages caused by four years of war just as fast as is humanly possible.

Western Electric

SOURCE OF SUPPLY FOR THE BELL SYSTEM

*Buy all the Victory Bonds you can
—and keep them!*

Some highlights on our job for the Armed Forces

From January 1, 1940 to June 30, 1945, our Government contracts *alone* totaled almost \$2,000,000,000—a larger amount than the *total sales* of the Company during its first 54 years from 1869 to 1923. Here are a few of the items involved.

Radar: More than 56,000 radars of 64 types valued at almost \$900,000,000.

Gun Directors, Gun Data Computers: More than 1600 for aiming anti-aircraft and coast defense guns.

Airborne Radio: More than 600,000 receivers, 400,000 transmitters, 50,000 combination receivers and transmitters.

Tank and Artillery Radio: More than 139,000 receivers, 74,000 transmitters.

Microphones: More than 1,700,000.

Headsets: More than 1,400,000.

Cable: More than 4,300,000 miles of wire in lead covered cable and 63,000 miles in Spiral-4 rubber covered cable.

Also large quantities of field telephones, switchboards, field wire and carrier equipment.





Indispensable IN OUR TIME

Here is the portrait of an indispensable man . . . indispensable now and in the foreseeable future! Not—for long years to come—can even the cosmic power of the exploding atom take the place of the product he labors to provide.

Just as the coal miner is indispensable to Industry, so, also, are clutches and hydraulic drives essential to the efficient transmission and control of power in modern industrial equipment and machinery.

For 27 years now, Twin Disc has specialized in the manufacture of proved power links for almost every conceivable industrial application.

In this diversified service, these Twin Disc Clutches and Hydraulic Drives have established a sound reputation for long wear-life and reliable, trouble-free performance . . . easy service and low-cost maintenance.

If you are faced with new problems involving the linkage of driving and driven units, why not seek the counsel of Twin Disc Engineers? Their long years of specialized experience may prove profitable to you in finding the right solution. Write to TWIN DISC CLUTCH COMPANY, Racine, Wis., (Hydraulic Div., Rockford, Ill.).



royalty rates that will save licensees about \$4,700,000 yearly; uniform license agreements; and provision by Hartford of a research and development program for the industry.

If the order is issued, it will presumably clear up all outstanding questions between Hartford and the glass container industry, but it will have no bearing on the patent cancellation suit which the Dept. of Justice has filed in district court in Wilmington (BW-Apr 7'45,p28).

Gray Iron Crisis

Shortage of manpower in foundries, which hampered output of castings for war, now creates reconversion bottleneck.

Recently, the Ford Motor Co. went to Washington for help with its production program for autos, trucks, and farm machinery. It was desperately short of one product, a product for which it is now scouring the country—gray iron castings.

Ford had company. Chrysler Corp. was looking for gray iron castings, too. Not for cars or trucks or farm machinery, but for air-conditioning equipment. First at WPB, then at the Gray Iron Founders' Society, each of them asked the same question, "Where can we place orders for gray iron castings?"

• **In the Same Boat**—What Ford and Chrysler are up against is symptomatic rather than unique:

The Easy Washing Machine Corp. of Syracuse is short of gray iron for washing machines.

The Perfection Stove Co. of Cleveland will soon be out of gray iron for stove-grate castings.

The Caterpillar Tractor Co. of Peoria needs gray iron for carburetors in tractor engines.

The Pantex Corp. of Pawtucket wants gray iron to make garment pressing machinery.

Thousands of other companies are working on reduced schedules, or unable to operate at all, because gray iron castings are not to be had.

• **Still a Bottleneck**—That gray iron and malleable castings—which were a bottleneck during the war—would become a stumbling block in reconversion was clear to a relatively small group in WPB and the gray iron industry. But their shoutings were drowned out by the flood of optimism over cutbacks and the release of industrial capacity. The day after Japan surrendered, J. A. Krug, chairman of WPB, announced that gray iron castings, "which have been holding up a good many programs, will

Who is on Your RECONVERSION COMMITTEE?



Does it include a transportation group? Since the degree of efficiency with which materials flow into and out of your plant can have a tremendous effect on total costs—transportation deserves a major place in your planning for the future.

Perhaps in your business the following would make a top-notch transportation group:

YOUR PRESIDENT—

Because he knows that transportation affects inventory, turnover, costs—the very vitals of many types of business.

YOUR TRAFFIC MANAGER—

Because he is an expert on dispatching and organizing the arrival and departure of freight. His training on these matters makes him invaluable.

YOUR PURCHASING AGENT—

Because on-schedule delivery from suppliers is one of his major responsibilities. He knows the benefits of low inventory—quick turnover—(hand-to-mouth buying). His advice will help save time and money.



YOUR PLANT SUPERINTENDENT—

Because he knows the benefits of having incoming parts and materials delivered when and where needed, eliminating storage and multiple handling. He can help blend transportation into manufacture.

YOUR ARCHITECT—

Because new or improved facilities call for the best and most efficient building and loading dock design. New ideas are being constantly developed. Your architect keeps abreast of these ideas which will benefit you.



And . . . as ex-officio members:

YOUR STATE HIGHWAY COMMISSIONER—

Because his engineers must provide adequate roads and bridges for your traffic. He must be informed on your needs. Your taxes pay for the work of his department.

YOUR STATE LEGISLATORS—

Because they must provide modern laws which will permit adequate roads and the latest type vehicles. You must get the best that modern highway and vehicle engineering will provide. Restrictive legislation can, and often does, penalize your business.

YOUR TRUCK AND TRAILER SALESMEN—

Because they can help you select the proper vehicles. Their lives are spent at this work and they have the combined benefits of the experience of many people. Their aid is invaluable.



YOUR MOTOR TRANSPORT OPERATOR—

If you depend on "for-hire" motor carriers, they really know what good transportation facilities are by first-hand, personal contact. Put them on your transportation team!



[[Your business will be materially aided by such a committee. Your reconversion planning should definitely include a "built-in", efficient transportation set-up.]]

World's Largest Builders of Truck-Trailers

Service in Principal Cities

RUEHAUF TRAILER COMPANY

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G-E
Watch Dog
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STARTERS

SIMPLIFY LIGHTING MAINTENANCE

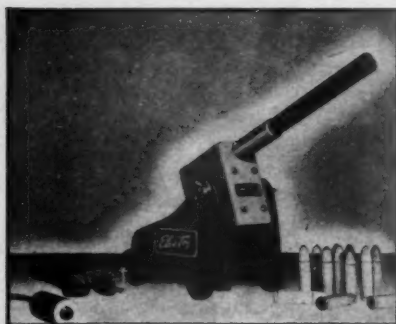
You can simplify fluorescent lighting maintenance to the operation of pressing a reset button before relamping. It's as easy as that when you install G-E Watch Dog Starters in your fluorescent lighting fixtures.

Watch Dog Starters help to reduce lighting maintenance in two ways. First, they provide precision starting which assures maximum fluorescent lamp life. Each Watch Dog is accurately tested to light a lamp within a few seconds. Secondly, starter replacements are fewer. Under specified test conditions the FS-40 Watch Dog outlasts an average of ten 40-watt lamps. This is equivalent to 25,000 hours of fluorescent lighting service.

Switch to G-E Watch Dog Starters and simplify your lighting maintenance man's job. There's a Watch Dog to fit 15-, 20-, 30-, 40-, and 100-watt lamps.

Write for our free bulletin. It tells how to use fluorescent accessories for best lighting results. Send your request to Section G-1051-102 Appliance and Merchandise Department, General Electric Company, Bridgeport, Connecticut.

GENERAL ELECTRIC



TOY FRUITS OF WAR

From war devices to electric toys is just a step for Indianapolis' Electronic Laboratories. For Christmas, 1945, Electronic's toy line includes a cannon with an electromagnet that ejects wooden "bullets" with zing; fluorescent paints (above right) that glow under a "black light"; a pin ball game also controlled magnetically. Subject to OPA approval, the game and paint kit cost \$9.95 each; the cannon, \$4.95. Goal: 25,000 of each by Christmas.

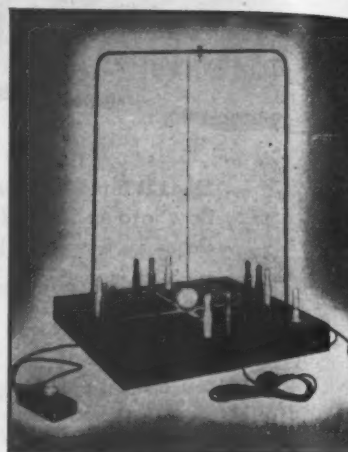
be in ample supply so that the automobile industry especially will have no difficulty."

What that small, but vocal, minority foresaw has come to pass. For every military contract that was canceled, one or more peacetime contracts took its place. At the same time, production continued far below plant capacity. As a result, the backlog of orders for gray iron castings is believed to be greater now than at any time during the war.

• —and Chief Basic Product—Although gray iron is a basic product in munitions, going into war goods such as tanks, planes, ships, and electronic equipment, it is even more basic to peacetime.

The tonnage of gray iron castings normally used each year is greater than the combined total of all other engineering materials except steel. That includes wood, plastics, aluminum, copper, zinc, brick, and glass. Gray iron goes into passenger cars, trucks, household equipment, farm machinery, boilers, locomotives, railway cars, merchant vessels, building hardware, telephones, and so on right down the civilian manufacturing line. In fact, the level of foundry production is a prime determinant of the national level of producer- and consumer-goods output, durable and nondurable.

• **Manpower Problem**—The industry has vast capacity, enough to turn out an estimated 19,000,000 tons of castings annually, about 50% more than was



produced in 1942, the peak production year. The trouble still is that it can get enough labor. Thus, although the industry could use every ton of casting produced, operations are now at about 47% of capacity and output this year is expected to be only 8,600,000 tons.

In addition to the 260,000 workers now in about 2,500 plants, the Gray Iron Founders' Society estimates that the industry needs some 70,000 more, roughly one-third of them skilled (such as coremakers and molders).

• **Inducements Offered**—Since the end of 1942, when the high paying, glamorized war industries such as aircraft and shipbuilding began to attract workers like bees to honey, labor shortages have been chronic in the foundry industry (BW—Jul. 15 '44, p. 19).

To offset manpower losses, wage increases were granted; ventilating and sanitary conditions were improved; local recruitment drives—movies, posters, speeches—were instituted from time to time; and mechanization programs were undertaken to cut down the heavy work and laborious handling.

These measures helped. But once the draft really got going, the industry was never able to recover its balance. In September, 1943, the situation became so acute that WPB and the War Relocation Authority asked for the deferment of key men in critical plants until they could be replaced. Selective Service headquarters agreed. But local boards didn't always follow instructions. Ke-

men continued to be taken despite vigorous protests. Foundry operations never higher than 60% of capacity.

Late in 1944, when all Washington was in a sweat over the so-called "critical programs," foundries were high on the urgency list.

Bars Down, Demand Up—Today's situation is complicated by the fact that distribution controls on castings have been dropped in the face of a demand far in excess of supply.

What one manufacturer of blocks and heads faces is typical: Although he can turn out 12,000 units a month, no less than six auto companies and an assortment of refrigerator, washing-machine, and lawn-mower firms are crying for a total of 30,000 units a month. In the interests of speedy, orderly reconversion, which of these firms should have first call? The manufacturer has thrown up his hands and is, naturally, serving his best customer first. Most of his other consumers will have to shed their tears somewhere else.

What's Needed—As a result, the Office of War Mobilization & Reconversion recently set up a subcommittee on gray iron castings within its reconversion working committee (BW—Aug. 25 '45, p. 5). Representing WPB, OPA, and the Labor Dept., this subcommittee will study production, price, and other problems of the industry. Also, WPB has just asked the Gray Iron Founders' Society for a roster of all men with foundry skills who have been in the service at least a year and are still in this country.

This, say the gray iron manufacturers, is at least a beginning. But they still think they need some real publicity about their plight, and they think some top-ranking Administration figure could help supply it.

AIRLINE MERGER OPPOSED

Opposition to Civil Aeronautics Board approval of a merger of American Airlines and Mid-Continent Airlines (BW—Sep. 29 '45, p. 52) has appeared from a not-too startling source—United Air Lines.

United asserts that the merger would eliminate the "neutral carrier" on which United must depend for connections and interchange of traffic from the Twin Cities, Kansas City, and St. Louis. This claim was made in an application to CAB in which United requested permission to operate new routes linking those cities with its present transcontinental route.

The application requests that CAB consider this proposal simultaneously with the American-Mid-Continent merger, leading to the presumption that United wants the new routes only if the merger is approved.

TOPS IN PROTECTION



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UNITED STATES STEEL

ARE BAKER TRUCKS MAKING SAVINGS FOR YOUR COMPETITORS —that you are missing?

In the days of keen competition just ahead, are you prepared with the most efficient, cost-reducing material handling equipment? Look over these actual case histories. There are many more of them. In fact, every Baker truck sold quickly pays for itself out of savings.



A large aircraft producer saves time by delivering cutting oils to machines with this mobile "service station" on a Baker Truck.

A stove manufacturer reduced handling costs from 35¢ to 4¢ per ton on a single operation. Overall costs were reduced 75%.



A printer and publisher saves thousands of dollars annually in warehouse rentals by tiering stock with a Baker Truck.

Carloading costs for one plant were reduced 25¢ per ton or \$12.50 per car, releasing 7 men for other jobs.

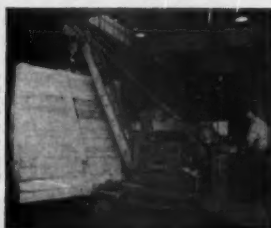


A company saves \$7,956.00 per year on handling costs in one of its warehouses with a system using a Baker Truck.



A stevedoring company moves 18 crated motor cars per hour from lighter to pier bulkhead — saves 20% on handling costs.

This Baker Articulated Sheet Handler loads 200 tons of large sheets per hour and saves a steel mill \$4.30 per ton.



The Baker Material Handling Engineer can show you how similar savings may apply to your plant. Phone our nearest agent — or write us direct.

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Baker INDUSTRIAL TRUCKS

New Cartel Case

Civil action naming G.E. Westinghouse, and trade groups rounds out antitrust suits in the electrical export field.

The Justice Dept. this week rounded out its antitrust action in the international electrical equipment field by filing a civil suit naming General Electric Co., Westinghouse Electric Corp., two of their subsidiaries handling export trade, and the Electrical Apparatus Export Assn., which is jointly controlled by them.

• **Earlier Actions**—Two previous suits against G.E. (BW—Jan. 27 '45, p. 7), and Westinghouse (BW—Apr. 21 '45, p. 17) had charged them with participation in an international cartel in areas in which the two American firms and various foreign manufacturers competed.

The current suit covers activities in so-called "neutral" business territory, not within the scope of previous actions. The cartel in which the defendants and foreign firms are alleged to be members is charged with acting as a clearinghouse for business in the neutral territory, allocating such business and fixing the price to be charged. It is charged that member firms filling these orders paid "compensation" to the cartel, which divided it among other parties to the agreement.

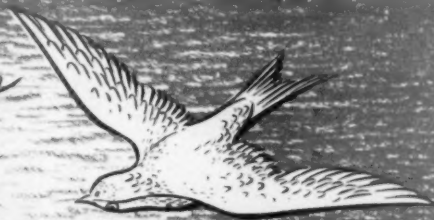
• **Association's Role**—Westinghouse and G.E. are charged with organizing the export association in 1931 to conduct their activities as members of the cartel, thus avoiding direct participation on their part.

G.E. and Westinghouse also are charged with using the export association for a similar purpose on foreign orders for electrical equipment not covered by the cartel arrangement. It is further set forth that they had a secret list of major American firms which bought such equipment here for use outside the United States, and that their purchases, too, were allocated between the two manufacturers on a basis giving G.E. some 60% of the business, Westinghouse 40%, with prices fixed.

• **On the List**—Firms on this list, named in the export association's rules of procedure (one of the Justice Dept.'s exhibits), included among others: Sinclair Refining Co., Standard Oil Co. of California, Standard Oil of New Jersey, Standard Vacuum Oil Co., Texas Co., Anaconda Copper Mining Co., American Smelting & Refining Co., E. I. du Pont de Nemours & Co., M. W. Kellogg Co., United Fruit Co.

The usual injunctive relief and dis-

Bird's Eye View



of Tomorrow's Apartment

Filled with Satisfied Tenants

Apartment Dwellers!

No longer will you have to depend upon the whims of the janitor for the amount of heat sent up to you. Nor will your apartment temperature be governed by the requirements of your coldest-blooded neighbor. For Minneapolis-Honeywell engineers have developed a Personalized Heating Control System that will permit you to select just the temperature you want — and get it, automatically. You can have your own preference in heat, just as you would select your decorating scheme, furnishings and draperies.

Yes, tomorrow's apartment will provide an entirely new conception of heating comfort. When you lease your next apartment be sure, for your own health and comfort, that it is completely modern with Honeywell Personalized Heating Control.

Apartment Building Owners!

If you are planning to build or modernize, you will find that the installation of Honeywell Personalized Heating Control will greatly increase rentability and provide real tenant satisfaction. This amazing new development can be installed during construction, at a small fraction of the over-all cost of any building, large or small. In many cases, it can be installed in existing apartments without remodeling or redecorating.

During the past 10 months, Personalized Heating Control has been installed in 146 apartment buildings (2156 individual suites) in 14 cities. Because they save fuel, materials are now available for Honeywell Personalized Heating Control and Zone Control Systems for apartments and other commercial buildings.

Architects, engineers and owners — send for full information. Just mail the coupon or write to Minneapolis-Honeywell Regulator Co., 2728 Fourth Ave. So., Minneapolis 8, Minn.



MODUFLOW

Modulflow is the name given to Honeywell's newest heating control system for homes. Personalized Heating Control now brings Modulflow to apartments. It will be a "must" in the apartment of tomorrow just as Mechanical Refrigeration has been for the past decade.

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Honeywell
PERSONALIZED
HEATING CONTROL

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2728 Fourth Avenue South, Minneapolis 8, Minn.

*I am planning to build (or modernize) an apartment building.
Please send information about M-H Personalized Heating Control.*

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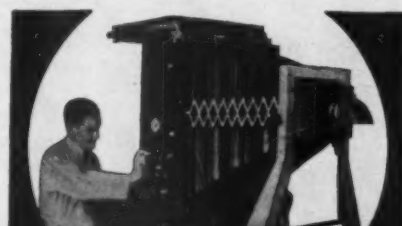
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Investigate Rectigraph, the modern machine for BUSINESS PHOTOGRAPHY. Exact, error-proof photocopies of letters, plans, contracts, payrolls, layouts, photos, etc. made speedily and economically—in any quantity. Saves time and manpower. RECTIGRAPH REQUIRES NO DARK-ROOM.

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TO MEN WHO SHOOK THE WORLD

In New York, Kellogg Corp. last week honored 100 men—engineers, scientists, soldiers, and industrialists—who helped to bring the atomic bomb to the exploding point. Key "veterans" at the reunion dinner are (left to right): Maj. Gen. Leslie R. Groves, head of the famous "Manhattan District"; M. W. Kellogg, president of M. W. Kellogg Co., parent of Kellogg Corp.; K. T. Keller, president of Chrysler Corp.; and A. L. Baker, Kellogg general manager. As the company that developed techniques and supervised construction of the separation plant at Oak Ridge, Tenn., host Kellogg presented gold keys to Gen. Groves, Col. K. D. Nichols, supervisor of the Manhattan District, and others.

solution of the export association are asked by the Justice Dept.

Both Westinghouse and G.E. issued statements denying any conspiracy to restrain trade and contending that the export association, formed under terms of the Webb-Pomerene act, has been consistently under supervision of the Federal Trade Commission. Pointed out also was the fact that some 50 companies in the same line of export activity are association members.

MINERAL RIGHTS UPHELD

Conveyance of "coal, gas, and other minerals" means just what the words say, an Illinois judge ruled last week in dismissing a case which challenged the right of coal companies to exploit oil resources which were undiscovered when they leased their coal lands.

The litigation, supported by an organization of southern Illinois landowners, began over land leased by the Old Ben Coal Corp. of Chicago. The landowners sought to establish that such leases, drawn in the 1890's, followed the stock phraseology that was used during the period and had reference only to oil or other minerals that might be

contained in the coal that was mined.

In throwing out the case, Circuit Judge Charles T. Randolph at Benton, Ill., ruled that there had been no ambiguity or misunderstanding when the leases were executed.

ANOTHER RADIO RELAY

The Army last week released details of its system for radio relay of a multiplicity of messages (voice, teletype, or facsimile) by means of a single radio transmitter and receiver.

Called pulse position modulation (PPM), the system varies from International Telephone & Telegraph Co.'s pulse time modulation (PTM) technique (BW-Oct. 6 '45, p19) in various highly technical aspects, but results achieved are similar.

Two types of equipment have been developed, one operating at 1,350-1,450 megacycles, the other at the "super high" frequency of 4,200-4,900 mc. Both are capable of handling eight simultaneous two-way telephone conversations. The higher frequency equipment was introduced in the European war theater in December, 1944.

Two other radio relay sets, both em-

HEADQUARTERS FOR FACTS

about our Used Machines

The value of a used Acme-Gridley Automatic as a production machine depends not on its catalog description, but on what it can turn out *today*.

For the facts, look to the men who design, build and tool these machines. They really know.

They can tell you if the "surplus" machine you might think of buying has been overworked or under-cared for. And whether it is a good buy at the reduced price, or at any price.

It pays to remember that the purchase price of any machine tool, old or

new, must come back to you through production.

So, we urge you to seek competent advice before buying. Then buy a used Acme-Gridley only if both investment and productivity compare favorably with a new machine. Buy only machines that will improve your position, by cutting costs, in the highly competitive markets that are ahead.

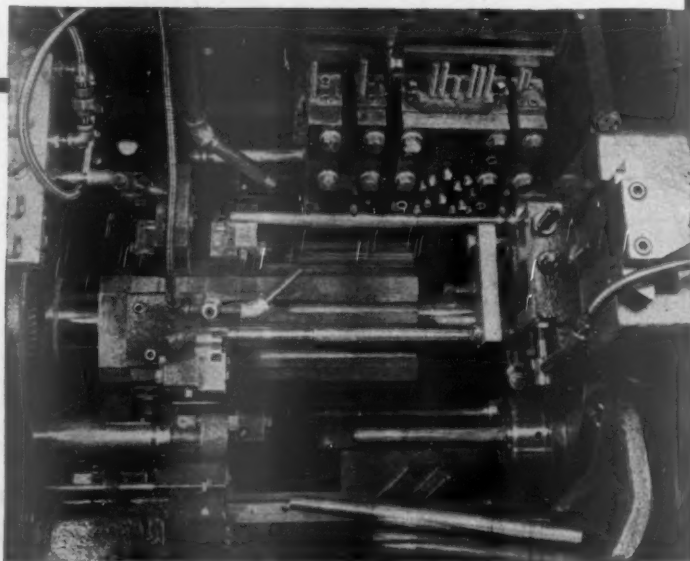
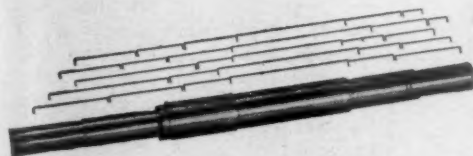


ACME-GRIDLEY BAR and
CHUCKING AUTOMATICS

maintain accuracy at the highest spindle speeds and fastest feeds modern cutting tools can withstand.

A CASE OF COST REDUCTION

Sketch indicates the variety of shaft work that can be done with one set of tools, on the standard Acme-Gridley Bar Automatic. This means money saved in tool investment and time saved in set-up—lowest production cost with high precision and concentricity.



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- ✓ **better materials**
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BUY VICTORY BONDS AND KEEP THEM

ploying frequency modulation (F) and both extensively used during war, also were disclosed, one in 70-100-mc. frequency range, the other in the 230-250-mc. region. Each of the two is capable of supplying four high quality telephone circuits simultaneously.

All four types now are undergoing additional tests over a 510-mile radio circuit in California.

GAS RATES CUT 41%

An annual reduction of \$2,793,000 in wholesale rates of the Colorado Interstate Gas Co. recently ordered by the Federal Power Commission is percentage-wise—41%—one of the heaviest on record, and an \$8,500,000 refund of overcharges impounded while the rate order was in litigation may make it a double bonanza for the ultimate consumers.

Local rate reductions, which only in theory immediately follow wholesale rate cuts, must be ordered by state or local regulatory bodies, so the effect of the Colorado Interstate cut is still some distance removed from the consumers.

The \$8,500,000 impounded with the federal court is to be divided among the companies which bought from Colorado at wholesale.

The law as to whether the refund shall be passed on to consumers is just one legal booby-trap after another, and informed speculation is that most of the six distributing companies will waive their rights to the refunds in favor of the ultimate consumers. This would improve their public relations and avoid tax difficulties.

MADISON OIL ECHO

The Madison oil cases (BW—Aug. 8'36,p26) had a final judicial echo this week when the United States Supreme Court refused to grant a writ of certiorari to Clark Oil Co. and Plymouth Clark Oil Co.

The two Clark companies were attempting to recover overcharges on the basis of the Supreme Court's decision in the Madison antitrust action (BW—May11'40,p15), which established that a large number of major oil companies had been guilty of conspiracy to increase and fix prices. Specifically, the Clark petition was based on the finding that the two companies had paid an overcharge of 24¢ a gallon on gasoline that was purchased from Phillips Petroleum Co.

A lower court ruling that no recovery could be made, since the gasoline had been handled in the ordinary course of business, was in effect upheld by the Supreme Court's denial of the writ.

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WHERE YOU NEED THEM!

FACTORY STOCK

Thousands of square feet of stock rooms at the Worcester factory containing over 18,000 different abrasive items.

WAREHOUSE STOCKS

Well-stocked warehouses in five industrial centers—Chicago, Detroit, Cleveland, Pittsburgh and Philadelphia.

DISTRIBUTOR STOCKS

Over 200 distributors in 184 cities with stocks selected to meet local needs.

And in Types and Sizes for Every Grinding Job

RECONVERSION may bring you new grinding problems, but you can be sure of finding the right wheels to solve them in the Norton line—and stocked handy to you.

There are wheels in several varieties of Alundum abrasive (including the new record-breaking 57 Alundum) for grinding steels and steel alloys; wheels of Crystolon abrasive for cast iron, brass, and the light metals; and Norton diamond wheels for the carbides, glass, porcelain, and other unusual jobs. Bonds include B-E vitrified, resinoid, rubber, shellac, and silicate. And of course there's the patented Norton Controlled Structure process of manufacture.

Reconverting with Norton assures you the right wheel for each new grinding job and the engineering "know-how" to select them for you.

NORTON COMPANY, Worcester 6, Mass.
Bair-Manning, Troy, N. Y. is a Norton Division

NORTON ABRASIVES

Textiles Enter a New Era

Host of developments in fibers, yarns, and fabrics have brought rapid change in industry. Synthetics push ahead, holding promise of finer, stronger textiles undreamed of a few years ago.

The textile revolution is here. It's the uprising of the new synthetic fibers against the traditional natural fibers, as well as a battle among the synthetic fibers themselves. New synthetics to perform specific functions, given seven-league boots by the war, are coming out of the laboratories almost daily; new machinery and techniques are being rushed to keep pace with the fiber developments.

• **Period of Change**—Even as the World War brought rayon, the much greater conflict just ended brought a host of new fabrics and textile developments. The industry is in the midst of more changes right now than occurred in all the years since the advent of rayon.

Here are just a few of the things in the picture: clothes with tone-in-tone and color effects never before commercially possible, dresses that drape beautifully and do not muss easily, fine but extremely strong fabrics, curtains that last indefinitely and transmit color to blend with room furnishings, fabrics made without knitting or weaving, dressy clothing that seldom needs to be ironed, decorative fabrics that cannot burn.

• **New Concepts**—As with many of the wild statements about atomic energy, some of the forecasts about the new textiles are by no means realized. There is no one textile fiber now which could have all the properties that would permit it to supplant all other fibers. Even if there were, it would be years before the country could take full advantage of it, because of the inertia of an industry so huge, if for no other reason.

The old concept of synthetic fibers' replacing natural fibers by imitating them—the boast that caused so much trouble for rayon when first introduced—is laughed at by the producers of synthetics. Artificial fibers are being produced with properties inherently impossible in any of the natural fibers. In many respects the table has turned, and the effort now is to produce or modify the natural fibers so that they will have some of the more desirable properties of the synthetics.

• **Becoming Better Known**—Importance of the various properties of the new-

comers is recognized in the current issue of *Textile World*, a McGraw-Hill publication, which includes a 16-page chart showing the principal properties of all the synthetic yarns and fibers being produced commercially. It also summarizes experimental work on new fibers.

Of the eleven synthetic fibers being produced commercially, several are so well known that their names are common household words today. Besides three types of rayon, there are nylon, Vinyon, Fiberglas, Aralac, vinylidene, Plexon, synthetic rubber, and Tensylon.

All of these are produced initially in continuous filament form, which means that the tiny individual strands within each thread run for indefinite lengths. One fiber, Aralac, is marketed only in staple form, although it starts its life as continuous filament.

• **Some in Both Forms**—Three of the synthetic fibers appear in both continuous filament and staple form—viscose rayon, acetate rayon, and Fiberglas; a fourth, nylon, will undoubtedly be pro-

duced in staple form in the near future. (Now the only nylon staple fiber in commercial use is made from waste.)

Staple can be any length from a fraction of an inch up to many inches, though the largest volume is in length up to 2 in. (cotton-like) and up to 9 in. (wool-like).

Advantage of staple is that it can be made into "fuzzy-type" cloth which is not possible with continuous filament. Spun (staple) rayon dresses drape well.

• **More Fibers Coming**—Because the uses for rayon and nylon have been overpublicized, there probably is more real interest in some of the newer fibers.

Du Pont is working on a complementary fiber, or possible successor to nylon in its Waynesboro plant. Probably it is fiber "A" about which there have been press reports neither denied nor confirmed by du Pont. It is known that du Pont is working on a great many different fibers to which it has assigned alphabetical letters, although only two have been announced: fiber B, a high-strength saponified acetate yarn; and fiber D, a coarse viscose staple yarn for blending with wool to make rugs.

American Viscose has behind closed doors a yarn which will compete with nylon. The new yarn may be a new type of Vinyon. Commercial Vinyon now is not satisfactory since the yarn will shrink if heated above 160 F. A Vinyon has been produced experimentally, how-



AMERICAN LOCOMOTIVE ADDS ANOTHER

New evidence of continuing industrial expansion in the Lone Star State is American Locomotive Co.'s recent purchase of Beaumont (Tex.) Iron Works (above). The first of the locomotive builder's plants in the Southwest gives the company a tally of seven in the U. S. The iron works' line of oil well drilling and production equipment will augment American Locomotive's and additional facilities are planned to service oil installations in the area.

Denier: What It Is

Denier is merely an expression of yarn size. The lower the number the finer the yarn.

One denier would be so fine that it would take 4,464,528 yd. to weigh 1 lb. Thus the common 75 denier (women's rayon hose) is yarn having 59,527 yd. to a pound.

Roughly, 1 lb. of 1-denier yarn would stretch nearly across the United States.

er, which will not shrink even when it in boiling water.

Unique Properties—Unique like nylon, it radically different, is Owens-Corning's Fiberglas, which has characteristics not found in any other fiber—either natural or synthetic. Its principal properties are its fineness, indestructibility, and its high strength. Currently there is a contest between Celanese Corp. and Owens-Corning as to whether yarn of glass or yarn of saponified acetate is the stronger. In commercial yarns, both have a strength of about 7 grams per denier.

Du Pont may well enter into the same battle since it is producing a nylon with over 7 grams per denier in strength.

The term strength in grams per denier simply means the strength for a particular size based on its length per unit of weight. It does not follow tensile strength in pounds per square inch. For example, although glass, high-strength nylon, and saponified acetate all have about the same strength in grams per denier, their strength in pounds per square inch are 300,000 p.s.i., 102,000 p.s.i., and 136,000 p.s.i., respectively, as maximums for commercial yarns.)

Used With Plastics—During the war Fiberglas made serious inroads in the field of cotton as an insulation material—a field which Owens-Corning unquestionably intends to develop. For many uses, Fiberglas has a serious drawback from some textile points of view in that it frays very easily and cannot be knotted, principally because it will elongate only 3% before breaking; whereas, other commercial textile fibers will elongate considerably more. Abrasion problems have largely been overcome, however, by use of coatings.

Recognizing the extreme strength of Fiberglas and its lack of resistance to abrasion, it is currently being laminated with plastics to give sheets of great strength. For example, ordinary plastics, with an impact strength of about 2 p.s.i., when laminated with Fiberglas are rated at 30 p.s.i.

Doesn't Buckle—Cotton is also trying to enter this field both in the form



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PIONEERS IN MATERIALS HANDLING EQUIPMENT

No Counterpart Here

Several other industrial countries are far ahead of the United States in the proportion of synthetic fibers used and in development of entirely new synthetics.

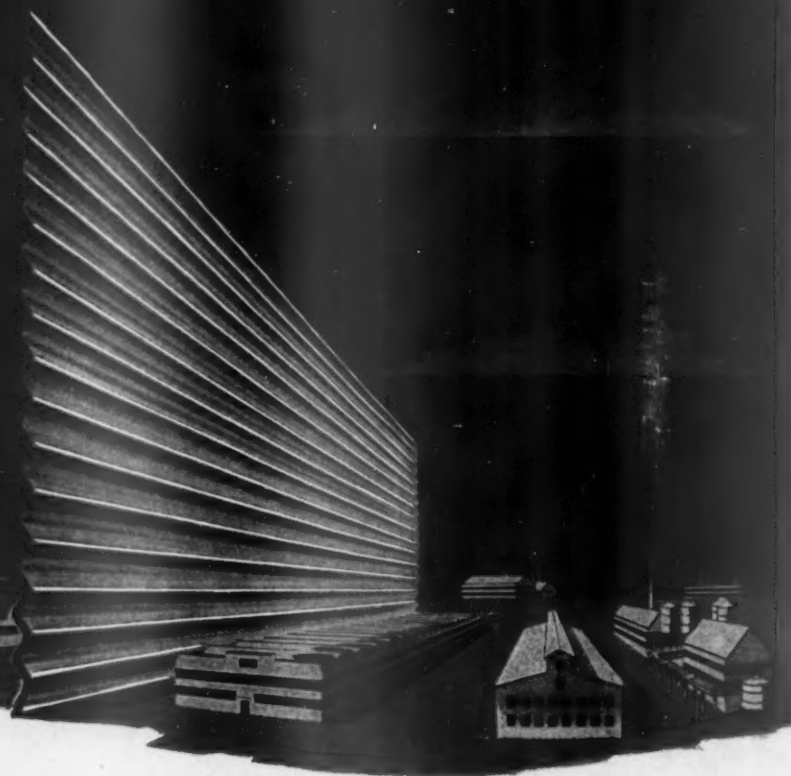
Reports are just now reaching the U. S. of three synthetics that were used by the Germans but which have no commercial counterpart here: (1) polyurethane fibers, said to be superior to nylon in some respects; (2) polyethylene fibers probably similar to those being worked on experimentally by Carbon & Carbide Chemical Co.; and (3) polyvinyl chloride fibers, chlorinated and unchlorinated (page 63).

of cloth and in the form of bonded webs (unwoven fabrics), but the resulting lamination is inferior in strength to Fiberglas and, for many plastics, there is a problem of buckling which does not occur with Fiberglas which expands and contracts much the same as the plastic. For insulation and structural panels, Fiberglas is used to cover a very porous insulating plastic, giving it a strength, pound for pound, greater than structural steel, although the plastic with which it is used can be crushed easily with the hand.

Filaments of smaller diameter are being produced in Fiberglas than in any other. The goal for viscose and acetate rayons is about one filament per denier and about 1½ filaments per denier for cuprammonium (Bemberg trade mark). Fiberglas is produced commercially with four filaments per denier and experimentally with over eight. The finest yarn, now in pilot plant production, has a diameter of 0.0001 in. An individual fiber is practically invisible to the naked eye. The industry doubts that Fiberglas will be used for ordinary clothing—except possibly for rain coats.

• **Four Monofilaments**—Seven of the eleven synthetic yarns have fine filaments, many of which are needed to make up even the slenderest thread. The four others are monofilaments—one coarse fiber makes a thread. They are the vinylidines, such as Dow's Saran and Firestone's Velon; Freyberg Bros.-Strauss' Plexon; Tensylon, manufactured by the Tensylon Corp.; and the various synthetic rubber yarns. (Nylon is produced as both a monofilament and a multifilament. Plexon has filaments or fibers but its appearance and use are like a monofilament.)

Saran and Velon are used principally for window screening and upholstery fabrics. It is expected also that they



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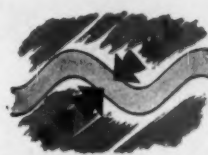
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will be used for decorative fabrics such as curtains, principally because of their fire-resistant characteristics. Vinylidines will not support combustion.

Plexon represents a wedding between fibers and plastics. Plexon yarns are simply other yarns which have been coated with one of 17 different compounds and colored for use in decorative fabrics or in accessories such as handbags or shoes.

Tensylon is also used much the same as Plexon although it is totally different. The Tensylon yarns are all slit from thin flat sheets of material such as Pliofilm and are spirally wrapped to produce a round thread, some of which are as fine as an ordinary pin. In addition, hollow yarns can be so produced (as well as covering for wires and the like).

• **Back to Natural Rubber**—For certain uses where their resistance to chemicals and their long life is desired, the Neoprene synthetic rubber threads will undoubtedly continue in use; but even now some of the rubber companies are making plans to revert to natural rubber. It is generally expected that this is one field that the synthetics once captured but will not retain, except for special uses. In this same category is the elastic Vinyon E, which already is out of production.

Probably the least predictable of all the synthetic yarns are the so-called protein types of which only one—Aralac from milk casein—is in commercial production at present. But the Drackett Co. shortly will go beyond its pilot

plant production of a similar Ford-developed protein fiber from soybeans, and in England the British Imperial Chemical Industries, Ltd., has announced that it will produce a protein fiber, called Ardil, from peanuts.

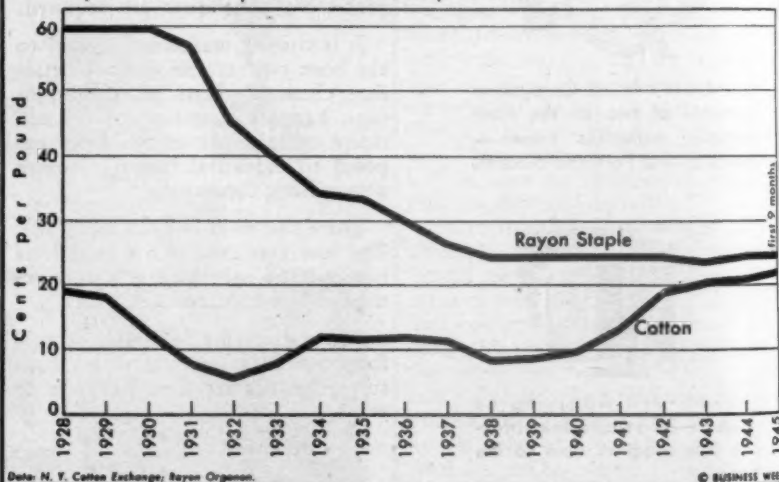
Meanwhile, in this country the Dept. of Agriculture through its Southern Regional Research Laboratory is expecting to start pilot plant production of a peanut protein fiber; and its Western Regional Laboratory has come out with the information that an infinitely superior protein fiber can be made from Keratin (animal horns and quills or feathers) as well as from albumen (egg white).

• **Fertile Field**—It has been clearly demonstrated that protein fibers can be made from almost any animal substance: fish hides, tendons, even whale blubber. With Aralac at 64¢ a pound and clean wool much higher, this unquestionably is a fertile field. So far, most developments along this line have been to superplant wool or to blend with wool so as to lower cost.

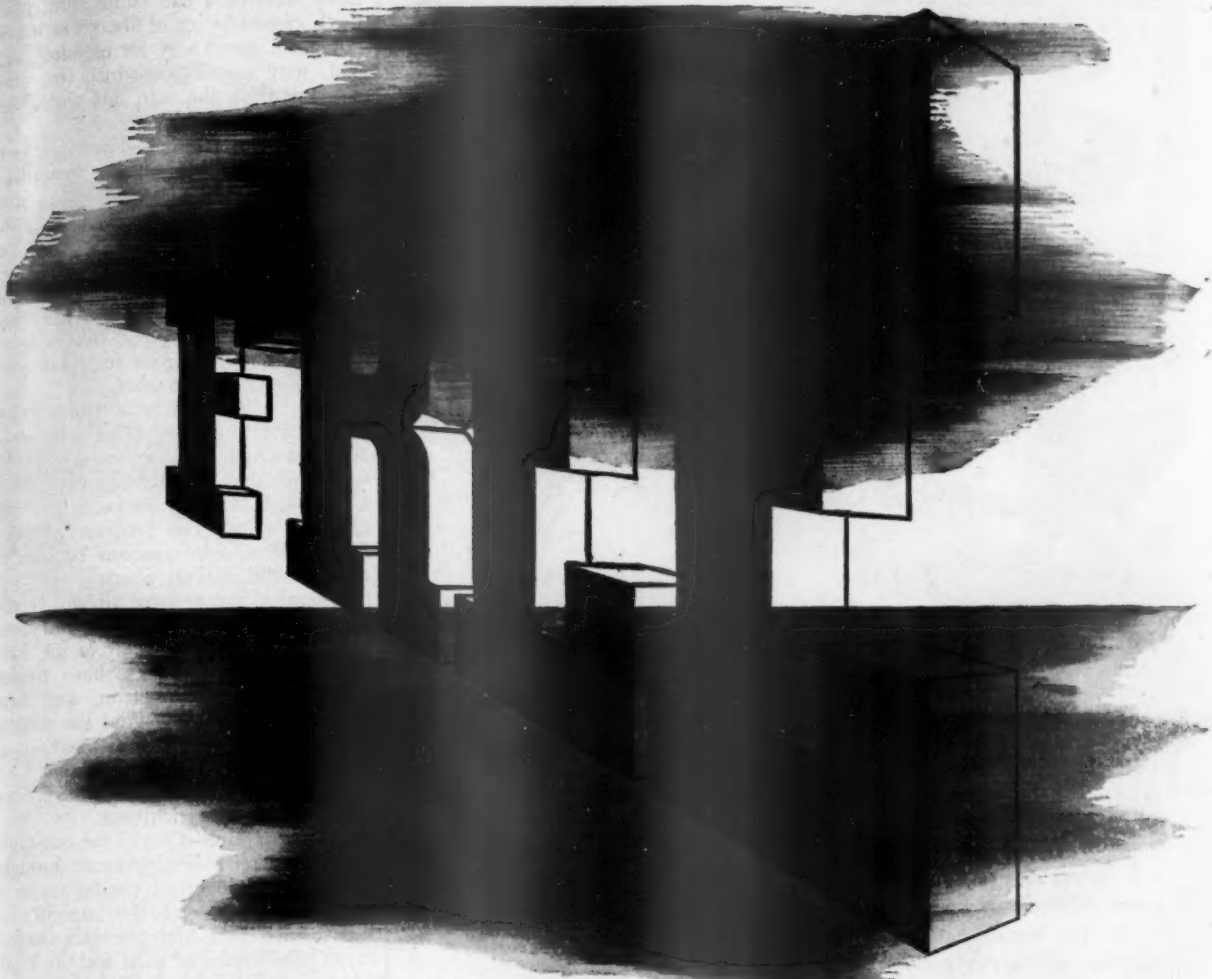
In England a viscose staple fiber is being produced under the trade name of Rayolanda for blending with wool, and some fiber has been made from seaweed which results in a fabric similar to wool. Then, too, acetate rayon fiber is quite good for blending with wool, if special coarse sizes are used. One good field for both acetate and viscose staple is in blending with rug wools for making floor coverings. So far, unfortunately, some products on the market have gen-

THE BATTLE OF THE FIBERS

Rayon can now compete with cotton on a price basis



Since rayon production really got going in the middle 20's, annual consumption has zoomed from under 100,000,000 lb. to over 700,000,000 lb. (table, page 58). As output increased the price dropped, and today the quotation on rayon staple is only slightly higher than that on cotton staple, with which it competes in many lines, such as women's dresses, men's sport shirts, etc.



This isn't philanthropy... it's just plain good business.

We're in a position today to offer a very special service to American industry, and as a result, we in turn should stand to benefit from it.

The facts are these:

Exclusive of government-owned machinery, 54 per cent of installed metal-working equipment in the United States is over 10 years old, and a huge percentage of all equipment has been driven far beyond its limits of efficiency.

In short, "the metal-working plants of the U. S. are not as well off today from the standpoint of modernization as they were at the start of the depression in 1930*... and we are entering the most highly competitive manufacturing era of all time!"

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assistance to you in appraising the cost efficiency of your internal grinding machines against that of the best available War Surplus machines, or new machines. And second...

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*American Machinist inventory of metal-working equipment, Bulletin 1450.

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I've just learned that Clayton Moto-Mirror... which did so much to keep the cars, boats and tanks going during the war... will soon be available to car dealers and service shops.

The Clayton people call this new service dynamotor the Moto-Mirror because it accurately reflects the performance of your car under actual driving conditions. Anyhow, as you can see in the picture, Moto-Mirror consists of a hydraulic power absorption unit coupled to a set of rollers which accommodate the rear wheels of your car.

Your car is tested just the way you drive it under any desired pull or load... right on the service floor. The power your engine puts out is accurately measured and shown on the Moto-Mirror dials.

This enables your mechanic to detect instantly any faulty part or poor adjustment. You know, you just can't find some defects... or tune an engine properly... unless it's pulling, but you'll be surprised how quickly Moto-Mirror finds the trouble and how much better your tune-up will be when you can get it done this way.

There aren't many Moto-Mirrors around yet but I know every good car dealer and service shop will soon have one—so be on the lookout for the first one in your neighborhood. You'll be surprised how much better the Moto-Mirror will help me make your car perform.

CLAYTON

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MANUFACTURERS
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erally received a bad name. This is directly caused by use of fibers which were not made specifically for blending with stiff, wiry rug wools which are quite different from the soft, fine wools used in wearing apparel.

• **Competition Grows**—There seems to be little effort to improve wool fibers or yarns, to keep out synthetic, corresponding to the efforts of the cotton interests to meet the competition of synthetics. Of course, the latter is much more intense. There are the various shrinkproofing processes for wool and worsted piece goods, but that is about all. Many wool interests feel that nothing will ever replace wool.

Some cotton interests think otherwise and are working principally along the lines which were expressed by H. M. Chase of the Riverside & Dan River Cotton Mills when he said that "If chemical means can produce synthetic fibers, the same means can be used to enhance the natural fibers."

Chemical means have already greatly increased the strength of cotton yarns, have made cotton resistant to rot, have made waterproof fabrics, have brightened the luster of cotton, and have made it more durable. And the work is still going on by such organizations as the National Cotton Council, the Cotton Textile Institute, and the United States Dept. of Agriculture.

• **Rayon for Tires**—One of the outstanding commercial developments brought by the war was use of viscose rayon in tire cord. Ever since the late '30's, it was known that high-strength viscose-rayon yarn could be used for tire cord, but only a little was—and at a premium price. Had it not been for the war, the situation might be much the same today; but the need for more tire cord than could be produced from cotton forced the development of rayon tire cord.

This was climaxed by a senatorial investigation as to whether or not the use of rayon was justified. The results are bound to have shocked the cotton senators who forced the inquiry. The investigation showed not only that there was insufficient cotton cord available but also that rayon cord in tires was definitely superior; figures ranged from 15% to 30% superiority.

It was clearly demonstrated that if it had not been for rayon tire cord our truck and bus transportation would have broken down, and between the lines could be read the implication that had it not been for rayon tire cord our war effort at home and on the battlefield would have broken down (BW—Sep. 30'44,p64). All of this, of course, was tied in with the substitution of synthetic rubber for natural rubber, but it has been clearly demonstrated that the improved performance of rayon cord



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Rayon Gains Second Place in Textile Use

Rayon consumption in the United States has increased more than tenfold in the past 20 years and, as a consequence, this relatively new fiber now occupies a place second only to cotton in the over-all textile picture. (Figures in millions of pounds—000,000 omitted.)

Year	Cotton	Rayon	Wool	Silk
1926	3,214.8	61.1	342.7	65.6
1927	3,587.7	100.5	354.1	71.6
1928	3,184.2	100.5	333.2	74.4
1929	3,422.7	133.3	368.1	81.0
1930	2,610.9	119.1	263.2	75.7
1931	2,656.6	159.2	311.0	77.0
1932	2,463.3	155.8	230.1	70.5
1933	3,052.5	218.0	317.1	59.5
1934	2,655.4	197.7	229.7	58.3
1935	2,754.7	259.3	417.5	62.3
1936	3,470.2	322.6	406.1	57.8
1937	3,657.1	304.7	380.8	53.6
1938	2,918.7	329.4	284.5	51.7
1939	3,629.7	458.7	396.5	47.3
1940	3,953.6	482.0	411.1	35.8
1941	5,187.3	591.8	652.2	25.0
1942	5,636.7	620.6	613.8	*
1943	5,258.3	656.2	628.0	*
1944	4,781.2	704.7	623.7	*

* Raw silk imports ceased August, 1941. Recent consumption small, no data available.

over cotton cord is maintained for both natural and synthetic rubber.

• **Fight With Cotton**—The battle royal is now on as to whether rayon cord will virtually edge out cotton cord. American Viscose Corp., Industrial Rayon Corp., and undoubtedly du Pont all seem to be betting that it will. Goodyear is advertising that it has (BW—Sep.22'45,p56). The viscose yarn that would be used is rapidly losing out in the battle among synthetic fibers themselves. For dress material, viscose is being replaced rapidly by acetate rayon; and if viscose does not find some other outlet, it might conceivably even decline. Of course, it does have one other very important outlet that may within the next year or two account for more poundage than was produced by the viscose process in 1940. This is the field of staple fiber. Viscose staple produced this year will be 130,800,000 lb. compared to 448,400,000 lb. of continuous filament. Acetate staple produced this year will be 40,300,000 lb. compared to 173,000,000 lb. of continuous filament.

• **Price Angle**—It has long been recognized that acetate rayon has certain properties superior to viscose rayon for dress materials: dimensional stability, resistance to perspiration, better appearance, and better drape. But the acetate yarn did not seriously cut into viscose until its price was reduced to that of viscose and now in one of the most popular sizes, 75-denier, the price of acetate rayon is actually lower than that of viscose. It is 80¢ compared with vis-

cose's 85¢. At 100 denier the prices are the same, 73¢. Even in a relatively coarse yarn, 150 denier, the price for acetate is only 1¢ a pound over viscose.

Price also is important in the battle of viscose staple for the cotton market. At 25¢ it is considered a better buy than cotton which currently is above 20¢, since the cotton contains above 10% waste—sometimes up to 30%—which, in addition, costs money to remove. This does not mean that viscose rayon can readily replace cotton, as the properties of the resulting yarn or fabric from rayon are quite different from those of cotton. Spun rayon generally has a softer feel and drape, but it won't stand the rough usage that cotton will, and when wet loses much strength; whereas, cotton is stronger wet than dry.

• **Nylon Market**—The situation in nylon is obvious. Now that restrictions on it have been lifted, every knitter of women's hosiery in the country is crying for more pounds of it to satisfy the pent-up demand for nylon hosiery.

Even at \$2 a pound, nylon has a 24-million pound start on the rest of the synthetic fiber industry for fields, such as hosiery, requiring the peculiar properties not found in the same degree in any other synthetic being produced commercially.

For hosiery, silk may come back for an estimated 15% of the market, and special fine viscose rayon may hold a similar amount largely on a basis of cost with a stocking equal to silk in wear and appearance.

PRODUCTION

German Fibers

U.S. technicians discover superior equipment, textiles and yarns with no commercial counterpart in this country.

New textiles, as well as weapons, were being developed in Germany right up to the bitter end, according to advance reports from U. S. technicians who started investigating this German industry ten days after V-E Day. Many developments had not yet reached the field. These included parachutes made from ribbons, immersion suits that would protect men in cold water but which were permeable to air, and better camouflaged shelter halves.

Other German textile advances were not meant for the battlefield directly but for better production of textiles, and thus some can be applied directly to U. S. textiles.

• **New Synthetics**—The Germans had produced a full brother to our nylon in a yarn called Perlon L (Omega aminocaprolactam polymer) to the extent of 3,500,000 lb. annually. Compared to our 24,000,000 lb. of nylon annually that is not much, but Germany had access to Japanese and Italian silk.

Another synthetic yarn the Germans developed has no commercial counterpart here. It is a polyvinyl chloride ("Pe Ce") yarn of which 4,000,000 lb. were produced annually. It was evidently easy to spin "Pe Ce" on old rayon equipment to augment rayons (viscose, acetate, and cuprammonium), the principal textile fibers.

• **Lagged in Finishing**—The Germans found that by treating rayon staple before spinning to make it water-resistant, they killed two birds with one stone: The fibers more nearly resembled wool and when the cloth was later treated similarly it had superior repellency. For one type of clothing, aviators' underwear, fine Angora rabbit wool was used (50% Angora, 20% wool, 30% rayon); this was the only fabric mothproofed despite the fact that permanent mothproofing originated in Germany.

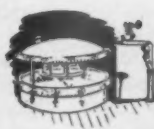
The Germans lagged behind the rest of the world in finishes to improve fabrics (only socks were shrinkproofed). Perhaps the explanation is lack of fuel for the necessary processing.

• **Better Equipment**—In several instances the Germans had developed textile machines superior to those commercially used in this country. Their

HOW Charlie Stone OF LEBANON



"Melts" Better Suits and Sweaters



FOR FIVE YEARS,

Charlie Stone has been one of the Lebanon Steel Foundry's skilled Ajax Furnace melters. He helps keep industry supplied with Circle ① Castings

of high corrosion resistance. Many castings poured from Charlie's melts are used by the textile industry.

New, better dye processes perfected for this industry are going to bring you textiles with colors that resist the fading action of sunlight... that are truer to shade. Thanks partly to the skill of men like Charlie Stone, who produce the corrosion-resistant alloys

required to handle modern dyes, your suits and neckties... your wife's sweaters and skirts... will look "like new" for a longer period.

Industry in general—and probably your industry in particular—can profit from the skill of Lebanon craftsmen. Circle ① Castings may help you speed reconversion, increase production rate or improve product quality. For correct application of the various Lebanon alloys, arrange now for consultation with a Lebanon foundry engineer or metallurgist.

LEBANON STEEL FOUNDRY, LEBANON, PA.

"In the Lebanon Valley"

ORIGINAL AMERICAN LICENSEE GEORGE FISCHER (SWISS CHAMOTTE) METHOD

LEBANON Castings

ALLOY AND STEEL

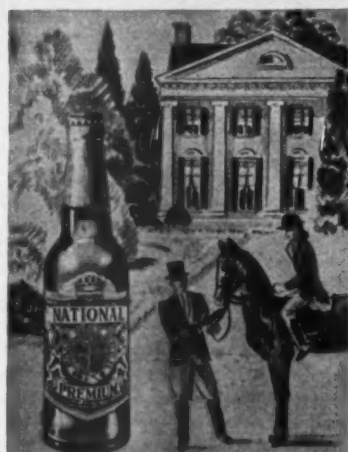


THE
AMERICAN
APPRAISAL
COMPANY



Valuations
Property Records
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Studies

Established 1895



A delightful evidence of
MARYLAND hospitality, this
fine beer is, as one would ex-
pect, rather costly but con-
sidered well worth the price.

IN LIMITED QUANTITIES

NATIONAL
Premium
BEER

by the
NATIONAL BREWING COMPANY
OF BALTIMORE IN MARYLAND

equipment for spinning worsted yarns is regarded as superior to ours, and one investigator frankly said that in that respect "we have been asleep here." For twisting tire cord yarn, the Germans used machines which inserted two turns for each revolution of the spindle, instead of just one as in this country. (Saco-Lowell Shops, Biddeford, Me., have been working for some time on a two-for-one twister, but not for tire cord, and the machine is not in production.)

For transforming long ropes of rayon filaments into staple, the Germans have a "tow-cutting" machine which cuts the fibers so that they overlap uniformly and always stay parallel virtually ready for spinning. Another superior development is a vacuum device for continuously removing lint from textile machines instead of blowing it around as is the practice here.

• **Synthetic Belts**—Some textile machines were found to have belts made from polyvinyl alcohol. To splice the belts all that was necessary was to immerse the ends in hot water and press them together. They were reported to have better gripping power than leather, which was exceedingly scarce in Germany. Water-cooled electric motors were also found in use on textile equipment.

U. S. technicians, returning from Germany, have recommended that a display be made of all the German textile items so that they can be studied more carefully. That would not be so difficult as it might seem at first, since during the war the Germans had simplified their normal 10,000 textile items to 1,178.

One item suggested for further study is the immersion suit which utilizes a foam-producing powder quilted between layers of permeable cloth. Up until the time the wearer goes into the water, his clothing is not uncomfortable as a rubber suit might be. When he enters the water, however, foam is generated to block water from seeping through and at the same time to serve as an insulation against cold, which is more important in icy water such as in the North Sea.

• **Military Developments**—Ribbon parachutes, some of which can be used to drop loads of 40 tons, are likely to be studied carefully as are parachutes which do not open fully until just before reaching the ground, resulting in much more accurate placing of material dropped. Even paratroops can drop fast until just before touching the ground, thus making poorer targets for opposing troops.

The ribbon parachutes—made by sewing ribbons together horizontally with small air spaces between, varied according to intended use—can be used to guide bombs (instead of heavier fins), to

NYLON OR FIBER "A"?

Nylon for hosiery is not being delivered fast enough, according to complaints heard in Washington. Some manufacturers say that they believe that nylon is being held up to make way for "Fiber A" (page 48) about which du Pont has been silent despite many rumors and press stories.

• It seems hardly possible that "Fiber A" production at Waynesboro, or elsewhere, has reached the stage where it can replace any appreciable amount of the 24,000,000-lb. annual capacity of nylon. Trade reports place present output at 1,000 to 2,000 lb. a month.

A more reasonable explanation might be (1) the delay necessary in changing over from heavy nylon yarns (for ropes, tire cord, etc.) to fine hosiery yarns and (2) the overhauling and rebuilding of nylon-producing equipment.

• For some time, du Pont has been wanting to rework some of its nylon spinning equipment to approximately double the productivity of some older units, but Washington had refused to permit the necessary break in production on the basis that "a pound now is worth more than two later." Passing of the war urgency and changing of yarn size give du Pont the break it has been wanting to go over its equipment.

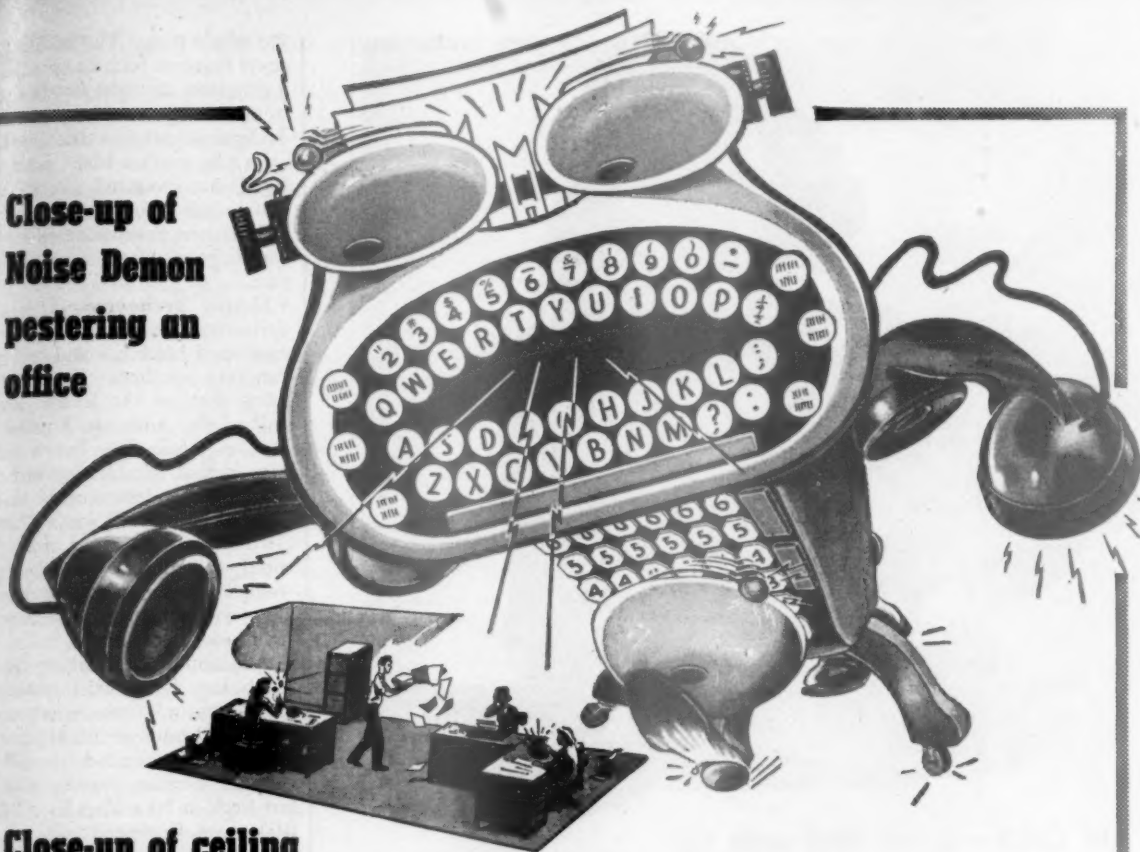
act as brakes for dive bombers (retracted for re-use), and to slow down gliders so that they can land in shorter spaces. Other chutes developed by the Germans are for use with torpedoes dropped from planes so that they hit the water at the correct angle.

• **Plant Taken Over**—Because of absence of information from Russian-held Germany, the U. S. technicians were unable to compile figures on total rayon production, but it is known that 400,000,000 lb. of staple were produced (96% viscose process) and over 28,000,000 lb. of rayon tire-cord yarn (inferior to ours in quality).

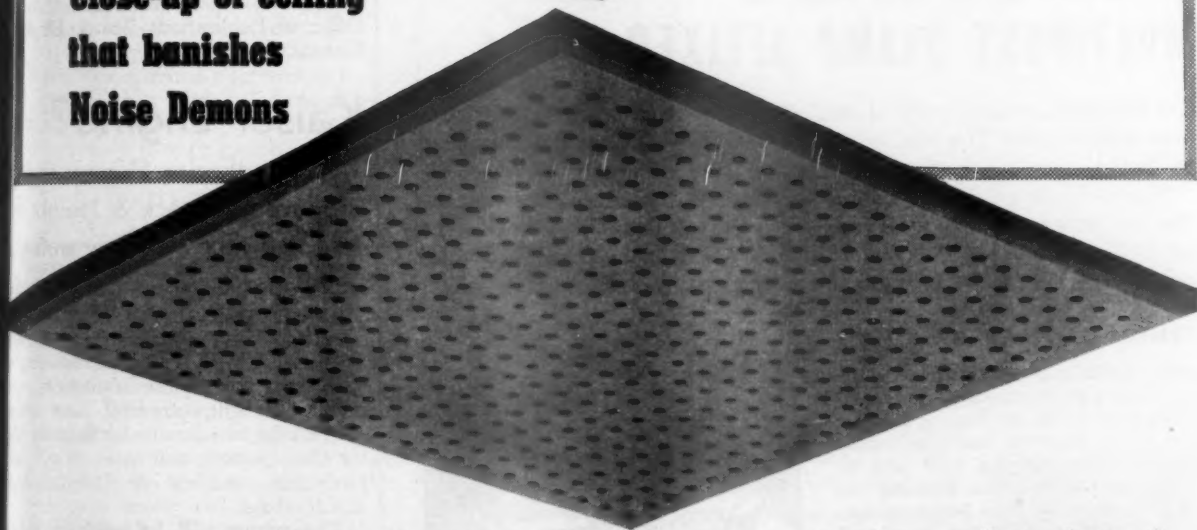
Quick action by the U. S. team investigating textiles saved such technical data for us. Germany's model synthetic-yarn development plant was found to be in territory held by French forces, but U. S. technicians obtained an American guard to prevent its being looted or damaged. It is now in the U. S. zone of occupation.

Its equipment may be shipped here for study, but that would not disclose

**Close-up of
Noise Demon
pestering an
office**




**Close-up of ceiling
that banishes
Noise Demons**



It's Armstrong's Cushiontone

EFFICIENCY SLUMPS when you have to put up with noise demons. These ugly pests multiply wherever the din of shrill bells, loud voices, and clattering machines is uncontrolled. Noise demons batter at your ears, rasp your nerves, and distract your attention.

But you can clear noise demons out of your office, once and for all, with an economical ceiling of Armstrong's Cushiontone*. The 484 deep holes in each 12" square of this fibrous material trap noise demons—absorb up to 75% of all noise striking the ceiling. Cushion-

tone is an excellent reflector of light, and it can be repainted without loss of acoustical efficiency. **NEW FREE BOOKLET**, "How to Exterminate Office Noise Demons," gives all the facts. Write for your copy to Armstrong Cork Company, 3010 Stevens Street, Lancaster, Pa. 



* Reg. U. S. Pat. Off.

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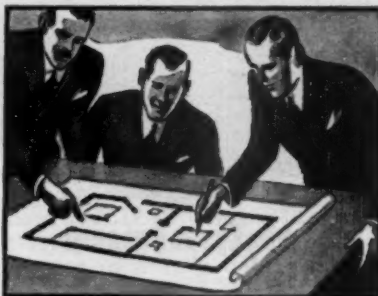
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the whole story. The building itself is novel features such as an efficient lighting system; daylight floods the building from a unique saw-tooth roof; at night daylight is matched directionally and color by yellow-blue artificial lights. Lights are mounted directly under the double panels of glass in the skylight and hanging fixtures are eliminated. The double panes of glass prevent condensation.

• **Similar Techniques**—This plant, the Zellwolle Lehrspinneri at Denkendorf, developed machines and techniques for handling synthetic fibers much as being done at the textile development unit of the American Viscose Corp., Marcus Hook, Pa., but a vital difference is that the Denkendorf plant was run by the government so that it could wage war better. It was a plant to show German manufacturers that the Reich could get along without cotton and wool. By necessity, the Germans did get along without cotton, but they reworked their wool many times.

Additional information on German technology is expected as other investigators return. One report on textiles which will run over 1,000 printed pages is now being printed. Initial information on German textiles was disclosed last week in New York by a "team" just back from Europe.

Technical reports will be issued by the Office of Publications Board, Dept. of Commerce.

Kaiser Engine?

Unorthodox Skinner motor produced by Jack & Heintz for AAF, may power new autos in 2-cyl. and 6-cyl. combinations.

Scheduled for unveiling this week at Wright Field is the latest engine which may find a place in postwar automobiles—a light, powerful unit developed during two decades by Skinner Motor Co., Detroit, and soon to go into production at Jack & Heintz, Inc., of Cleveland.

The engine will be used in super bombers for auxiliary power to start motors, run lights, generate heat, etc. But more significant is the possibility that the Skinner will be the power-plant in one or both of the new cars to be built by Kaiser-Frazer Corp. and Graham-Paige Motors Corp. (BW-Sep. 29 '45, p. 19).

• **Favorably Impressed**—Henry J. Kaiser and Joseph W. Frazer were in Cleveland last week looking over Jahco production facilities and examining the engine. They were favorably impressed,

and reportedly began to talk about a deal.

The new engine shortcuts orthodox engine machining requirements, as does the Taylor powerplant for Crosley cars (BW—Sep. 29 '45, p. 62), but by another route. It is built mainly of aluminum diecastings, welded together.

Designed for definitely high compression, eight to one or more, the new engine offers above-average power for its weight, particularly in higher speed ranges. Its horsepower output ratio to cubic inches of piston displacement is also remarkable for an automobile engine.

• **Pancake Type**—The powerplant is a pancake type, with two opposed cylinders. Pairs of cylinders can be added as desired. One pair turns out somewhere around 28 hp., and weight is somewhat under 50 lb.

If the Kaiser car is as light as it is rumored to be—well under 2,000 lb.—a Skinner installation of just two cylinders might power it suitably. The horsepower would be below accustomed standards in American passenger cars, but efficiency in the higher speed ranges would be one compensating factor. The inherent gasoline economy of the powerplant would be another. A 6-cylinder installation would be about right for the Frazer, larger car of the forthcoming K-F line.

• **Optimistic**—In any event, Jack & Heintz is optimistic about the engine. It recently acquired a three-story factory on Cleveland's West Side to be devoted solely to Skinner engine output. It is about ready now to go into production on the engines.

R. L. Skinner of Detroit started developing the engine some 20 years ago. He worked over its bugs through the boom years, and attempted to market it during the depression. Foreign car companies, better prospects for a low horsepower unit than U. S. plants, almost took it on; and considerable interest was manifested by American manufacturers as well. But a deal was never quite completed.

In the meantime, the inventor's company, Skinner Purifiers, Inc., at Detroit, was doing well with its line of filtering devices. The war brought added demands, particularly in aircraft, for filter cartridges and the like. It also renewed interest in the light engine, as an aircraft installation.

• **A Change of Plans?**—Jack & Heintz became interested in the unit and were about set to go into mass production for aircraft when the end of the war upset their plans.

Now the aircraft arrangement has been partially reinstated, which is why the Skinner engines were to be on display at Wright Field.



Sealed---

AGAINST WEAR AND TEAR

Spring freshets would like to drive logs and debris through a beaver's domain, and autumn's drought tries to steal his home away. So the beaver long ago turned engineer. He seals his dam against upsets—slaps sticks, leaves and mud into stout masonry.

National Oil Seals work like beavers, at almost no cost, to keep lubricants in and hold dirt out of vital bearings and gears. Wherever shafts turn, in war machines or home industry, there's a job for Nationals. Built in the world's largest plants devoted to the single problem of oil retention, they can be "tailored" to fit any operation, large or small. There's a National engineer not far from your plant. Call him in.

1107

NATIONAL MOTOR BEARING CO., INC.

General Offices: Redwood City, Calif. • Plants: Redwood City, Calif., Van Wert, Ohio • Los Angeles, Calif. (Arrowhead Rubber Company)

NATIONAL
OIL AND FLUID SEALS



WHEREVER SHAFTS MOVE, THERE'S A
NATIONAL OIL SEAL TO RETAIN THE LUBRICANT





The Greeks had a word for it!



The ancient Greek warrior in his chariot, and below, his modern counterpart, the American soldier in an amphibious tank armored with Youngstown steel.



"SIDEROS"--meaning literally "metal from heaven"--was the ancient Greek word for Steel. It had its origin in meteoric iron. It was a precious metal, rarer than silver or gold. Iron, hardened into steel at crude forges, was shaped into spearheads and swords.

Superiority in the use of steel enabled the little armies of the Greek city states to throw back across the Bosphorus and eventually destroy the barbarian hordes of Persia, bent on conquest of the ancient world.

Today, a tremendous superiority in the use of steel has enabled America and her allies to destroy the twentieth century barbarian enemies of modern civilization.

Tomorrow, with an overwhelming superiority in the use of steel, America must insist on remaining strong and free--to use its steel to preserve a lasting peace and to build a civilization better than any the world has ever seen.



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CARBON - ALLOY AND YOLOV STEELS

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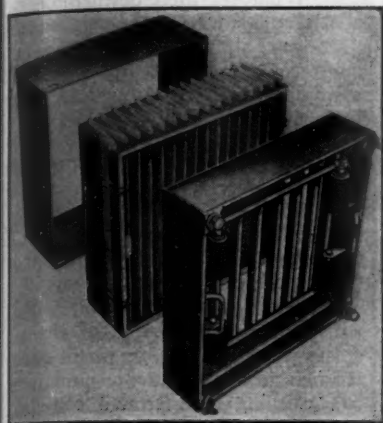
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BUSINES

NEW PRODUCTS

Combination Air Filter

Six years ago the American Air Filter Co., Inc., Louisville 8, Ky., brought out the Electro-Matic self-cleaning air filter



which utilizes electrostatic precipitation to remove smoke and fine dust particles, while a viscous impingement filter, running in an oil bath, removes lint, heavy dust, bugs, and other foreign matter (BW-Apr.15'39,p36). Now the company is bringing out its new Electro-Air-Mat Filter to round out its line of aids to thorough air conditioning.

Instead of a viscous impingement filter, the newcomer utilizes a special paper, folded into an accordion pattern (center). Unfiltered air enters through the streamlined bars of an ionizer (front) which charges dust, smoke, and other particles in a manner similar to the older model. The paper element, being charged with electricity of opposite polarity, attracts the ionized particles, picks them out of the air, and holds them. It is said that many of the tiny, charged cellulose fibers in the paper stand out like brush bristles to add to the filter's efficiency by holding not only dust and smoke but bacteria and fungus spores that might cause disease or upset manufacturing operations.

Splatter-Proof Heat Lamp

Newest source of comfort for the winter bathroom is the new Westinghouse Splatter-Proof Infrared Heat Lamp, developed by the Westinghouse Electric Corp., Lamp Div., Bloomfield, N. J. Since it is made of a glass that has resisted temperature shocks of more than 500 F differential, it is said to withstand almost any amount of splashing from a shower without breakage.

Ruby red in color (to distinguish it

from an ultraviolet lamp) and consuming 250 w. of current, the unit can be screwed into any standard socket for a host of applications including therapeutic treatments, and the speedy drying of small laundered articles, hair, and fingernail polish.

Safety-Marking Button

Marking the location of a wall switch in the dark is only one of the jobs sought for the new Radi-Glo Safety-Marking Button by its manufacturer, the Lustrolite Cleveland Corp., 6927 Carnegie Ave., Cleveland. It is a 1/2-in.



ring of clear plastic, with a channel of glowing radium salt sealed in, to be attached to almost anything that must be found in the dark—keyhole, slippers, telephone, gas valves, whatever.

It can even be used to form letters spelling out permanent signs in photographic darkrooms, mines, and certain scientific laboratories that never get light needed to activate the usual run of phosphorescent markers. Buttons can be screwed, nailed, stapled, sewed, strung (on electrical wiring), or glued. Temporary attachments may be made with transparent adhesive tape.

Bonded Drill Chuck

A tough, thick web of oil-resistant, Neoprene synthetic rubber, bonded to the eight drill-holding jaws of the newest Jacobs Rubber-Flex Production Chuck, replaces the spring-steel collet shank of the traditional single-purpose

Pfaudler Glass

Helped to make the Atomic Bomb!

Of all the major war projects in

which Pfaudler equipment has played a part, the Atomic Bomb simply staggers the imagination.

Pfaudler chemically inert glass backed by steel to withstand thermal shock was specified for this project as well as Pfaudler alloy and other equipment.

The elements which make up the bomb remain a highly guarded secret. This much we can say—the refining of some of these elements required highly corrosive acids which no other material of construction would withstand.

Pfaudler highly acid-resistant glass-lined steel equipment is rendering this same type of service to the process industries day after day.

Standard Equipment

Available are such units as reactors, (see illustration), distillation assemblies, mixers, evaporators, pasteurizers, storage tanks, etc. We are also prepared to custom-build equipment to your requirements. Complete literature sent on request, or we will be glad to have our representative call. The Pfaudler Co., Rochester 4, N. Y.



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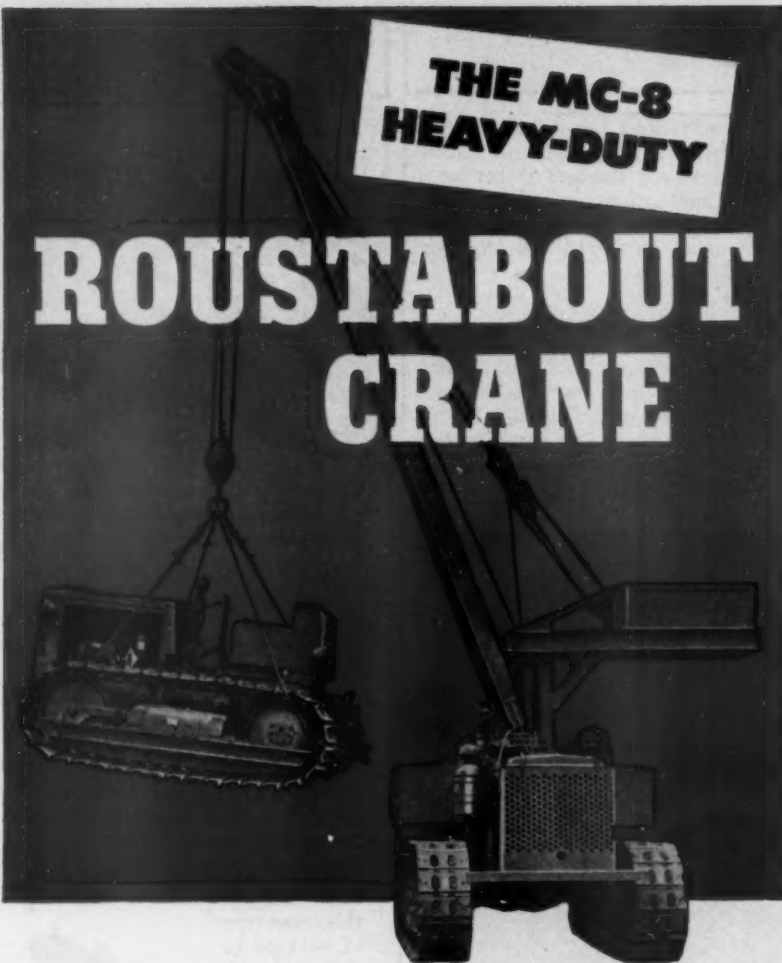
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that hustles stuff up to 10
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YOU have no load-handling emergencies when you have a Roustabout — whether it's a special car or truck loading job, a heavy machine to be moved, any usual or unusual handling situation, Roustabout is where you want it when you want it, quick, powerful, low cost — saving time and manpower. Easily, smoothly, it lifts 2 tons at 27½ ft. radius, 10 tons at 9½ ft. Boom turntable and all gears run in oil; built for years of overwork. Hundreds of industries regard their Roustabouts as indispensable. Write today for full story of these money-saving wheel or crawler cranes.

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- Moving big castings, motors, railroad and marine gear
- Loading air transport planes
- Handling tanks, pipe, structural steel, rails, timber
- Installing heavy valves and fittings

THE HUGHES-KEENAN COMPANY
600 Newman Street, Mansfield, Ohio



Roustabout Cranes
By Hughes-Keenan

type of drill chuck, holding the jaws in better alignment and permitting a wider range of drill sizes. Models now being produced by the Jacobs Mfg. Co., Hartford 2, Conn., are mainly for multiple-spindle drilling machines.

Other models and sizes incorporating the new flexible collet are under way for hand and electric drills used by carpenters, mechanics, and home craftsmen. Whatever their destination, the collet is said always to hold jaws parallel to one another, maintaining full-length contact with a drill shank and providing increased gripping area, hence increased accuracy.

THINGS TO COME

Cool illumination for the maintenance and repair of intricate technical equipment that might be upset by heat from a lamp bulb may be supplied some of these days through a rubbery plastic rod which gives experimental promise of carrying light around corners after the manner of hard, clear fused quartz and certain unrubbery glasslike plastics.

Since such a more or less limp rod could be bent cold and rebent repeatedly like rubber hose into almost any kind of serpentine convolution, and passed through openings too small to admit a light bulb, it might be used for accident rescue work or routine repairs in locations made hazardous by explosive gas or fumes. Other possibilities for the unique rod may include instrument illumination, advertising displays in glowing animation, and virtually wireless light from a single source for one or more otherwise dark places in automobile interiors.

• Milled glass fibers made by hammermilling 0.00025-in. diameter Fiberglas into very short, microscopically fine glass rods promise to replace organic fillers in the traditional mix of shellac, silica flour, lampblack, and filler material for phonograph records. Result would be improvement in the disks' impact strength, running as high as 400%, relief from accidental breakage, and reduction in record deterioration arising from microscopic blisters in sound tracks that are sometimes caused by moisture absorption and consequent swelling of organic fillers usually employed. Presence of the glass is said to cause no increase whatever in surface noise.

Heavy Debt Hangs Over I. C.

Despite substantial reduction during war, early bond maturities present tough problem for railroad. Cash and a new longer-term issue may be exchanged for noncallable securities.

In recent years no railroad has been more active in using war-inflated earnings to lighten a heavy funded debt structure by buying in its own bonds at a discount in the open market than the 6,336-mi. Illinois Central R.R., the important north-south system which is one of the few major lines still able to boast of never having had a reorganization, receivership, or change of name.

• Early Maturities—Despite the substantial progress it has made, however, the Illinois Central still faces a host of possibly troublesome fairly nearby maturities. There are 22 issues, representing some \$140,000,000 of bonds, or about 50% of the line's present funded debt, which mature between 1950 and 1955. Also outstanding is \$97,000,000 of additional debt falling due in 1963 and 1965.

Since most of the issues maturing five to ten years hence are noncallable, a straight refunding operation through the sale of new securities could not solve the problem. (However, many followers of railroad finance believe that such financing could be accomplished in view of the improvement in the road's credit standing in recent years.) Hampering an at least partial solution of the problem through open market purchases is the current high price level of I.C. bonds.

• Divided Opinion—The road is well aware of this predicament. Last spring Wayne A. Johnston, president, told stockholders that plans for handling the fairly nearby maturities were "being actively developed."

No official word has since been forthcoming, and it is still not definitely known just what action the road may finally decide to take. However, there are rumors now that a voluntary debt adjustment plan is being actively discussed, and one segment of Wall Street wouldn't be surprised if holders of the 1950-55 bonds early next year were offered cash and a new longer-term issue in exchange for the noncallable securities now held, perhaps in a 20%-80% ratio.

Other Street analysts expect the I.C. to attempt to settle its maturity problem early next year, but they think

that it can strike a better bargain. This group is looking for a straight extension of the 1950-55 maturities, without the cash payment, provided (1) that nothing happens meanwhile to upset the rail securities market, and (2) that Congress soon adopts legislation extending the McLaughlin act, which permits "voluntary" debt adjustment plans to be consummated out of court. (Nov. 1 is the present expiration date.)

• Need for Cash—However, both Wall Street groups are realistic. Each sees the possibility that, in order to settle its maturity problem, the I.C. may find it necessary to dig up a considerable amount of cash and, since the 1950-55

debt carries only 3% and 3½% coupons, perhaps may even have to offer a higher rate of interest on any new bonds than it now pays to many of the bondholders with whom it will have to bargain.

Until sharply lower earnings stopped both preferred and common dividends in 1932, I.C., which was founded in 1851, had the second longest unbroken dividend record of any American railroad.

Depression conditions of the 1930's, however, can't be blamed for all of the trials and tribulations of the road since 1929. Actually, it experienced little of the national prosperity in the boom years ending with 1929; its traffic, instead, started to sag during that period. In 1933, when I.C. revenues hit their depression low, gross income was 50% under 1929 levels but almost 54% under the 1926 figure.

• Causes for Slump—Much of this decline was caused by developments not subject to management control. Particularly responsible were (1) the drop in production of the Illinois coal fields, source of much I.C. traffic; (2) the growing competition from trucks, buses, and private automobiles, and inland waterways; (3) voluntary and involuntary



AND YOU CAN'T TAKE IT WITH YOU

Issuance of new currency has resulted in two-way traffic in the Netherlands—a rush by honest citizens to deposit (above) old money for the new, a scramble by those with uneasy conscience for fiscal loopholes to avoid explanation of swollen bankrolls. This week the Netherlands government reported most loopholes closed, said that strong measures are being taken against black market operators who try to conceal profits by buying everything from race horses to cemetery lots, by lending to charitable institutions—whose accounts are not blocked. The new currency is being released slowly, in a few weeks will be distributed sufficiently to enable business to meet trade obligations with cash obtained from the normal sale of goods. Freezing of cash and bank accounts was undertaken to combat inflation, declining currency values.

Provide for Future Capital Requirements Now

Business foresight looks at and beyond the post-war period when active industry seeks to catch up with accumulated demand—and makes provision for adequate low-cost capital for the long range future.

Immediately after the last war new capital was expensive. Today it is not. Security markets are favorable and money is cheap. This combination of circumstances, so advantageous for capital financing, will not last indefinitely.

The best time to finance is when market conditions are favorable, and well before necessity forces the issue—in short, when you can.

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NEW ISSUE

\$93,000,000

PENNSYLVANIA POWER & LIGHT COMPANY

First Mortgage Bonds, 3% Series due 1975

Dated October 1, 1945

Due October 1, 1975

Price 101 $\frac{1}{2}$ % and accrued interest

Copies of the Prospectus may be obtained from each of the several underwriters, including the undersigned, as may legally offer these Bonds in compliance with the securities laws of the respective States.

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October 4, 1945

freight rate cuts which have finally resulted in I.C.'s having one of the lowest average freight rate structures in the country; and (4) the depression in the Southeast which immediately followed the bursting of the Florida boom in the mid-1920's.

Because of these factors, as well as depression influences, 1929's net income of over \$13,500,000 was replaced by a \$3,500,000 deficit by as early as 1931. Close to a \$20,000,000 deficit after the payment of all fixed charges was rung up by operations in the five years through 1935, and in only one of those years was it even possible to show a small profit.

• **Government Loans**—To offset this drop in its earnings, I.C. cut maintenance expenditures to the bone, and the road's management was able to effect a more than 50% slash in its transportation costs. To meet maturing funded debt obligations, however, loans were obtained from the Reconstruction Finance Corp. Public Works Administration loans were arranged to handle deferred maintenance and to help pay for new equipment and for rolling stock repairs.

These advances saved the day for I.C. With their help, despite poor earnings all debts were paid as they matured in its bad years and all interest requirements were met promptly. Within a relatively short time, the \$15,000,000 advance from PWA had been repaid, and the road's war-inflated earnings subsequently were large enough to permit the retirement of all the RFC loans which had finally climbed to a peak of \$37,000,000.

• **Fixed Charges Cut**—Because of the close watch kept over operating costs, I.C.'s management was able to report some net income again in 1936. The road stayed on the right side of the ledger from then on, even during the short but sharp 1938-depression, until war-inflated traffic brought a definite end to bad times.

By 1942 gross revenues and earnings were at record-breaking highs and profits available for dividends in the 1942-44 period, despite a tax bill of around \$129,000,000, amounted to more than \$67,000,000.

With funds of such size available, considerable strengthening of the road's financial structure has proved possible. Since 1939 consolidated system debt, excluding equipment obligations, has been cut some \$87,000,000, or by more than 26%, and annual fixed charges sliced around \$4,300,000, or by more than 25%.

Bolstering of I.C.'s working capital hasn't been neglected. Current assets exceeded current liabilities by over \$47,000,000 on June 30, 1945, compared

with \$8,000,000 in 1939, and cash and the equivalent at mid-year, moreover, almost touched the \$100,000,000 mark.

Demand for Dividends—Earnings on the road's \$6 noncumulative preferred stock exceeded \$130 a share in 1942 and 1943 and last year came to \$93. Above the \$17-level in 1942 and 1943, earnings on the common stock last year came close to \$12.

Obviously, earnings of this size have caused stockholder demands for resumption of dividend payments. Hopes of dividends have risen high as the preferred, which sold for as little as \$9.12 a share in 1932, and at \$13 as recently as 1942, has soared this year as high as \$76 and the common, obtainable for \$5.62 in 1942, has sold for as much as \$42.25.

I.C.'s management, however, has thus far proved adamant. Recently stockholders were informed that any resumption of dividends depended on whether business continued good, what readjustments for postwar business conditions prove necessary, a reduction in excess-profits taxes, and settlement of the road's 1950-55 maturity situation.

Optimistic Over Outlook—Johnston, who was elected president of I.C. last February when only 47, which makes him one of the youngest heads of a Class I system, and who came up fast through the ranks to his present job (BW—Mar. 10 '45, p. 58), reports that he is very hopeful as to postwar traffic.

Wall Streeters following the fortunes of the rails closely agree with Johnston. They expect the postwar years to provide the road with considerably greater traffic volumes than in the 1930's, but they point out that if present annual fixed charges had been in effect at that time net earnings could have been reported in all but one of the depression years.

Transit Problem

Chicago's new offer to buy streetcar company may strike old snag—junior bond issues. Rehabilitation soft-pedaled.

La Salle St. veterans of Chicago's 20-year-old traction troubles yawned again this week when the city brought into the court of Federal Judge Michael L. Elgoe a new offer for purchase of the Chicago Surface Lines.

The city originally offered \$75,000,000, to come from income bonds to be issued. But now the municipality has boosted the offer to \$88,000,000 by handling some old claims and perform-

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NEW ISSUE

October 2, 1945

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Price \$105 per share
(Plus accrued dividends from October 1, 1945)

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The First Boston Corporation Kidder, Peabody & Co.

ing other bits of financial legerdemain.
• **Crucial Problem**—What has stopped every purchase effort short of consummation has been failure to provide money for holders of junior bond issues. The city and the Securities Exchange Commission have been willing to wash out some of the more remote securities while paying off first mortgage liens in full, but the city has not taken the right of the junior so lightly.

The current offer deals in some of the junior holders for as much as 33% more than before, but still leaves others sucking on a dry pipeline. Best guess among the experts is that there will have to be still more cash for the junior issues before it will be possible for the deal to go through.

• **A Big Question**—One problem has been successfully soft-pedaled through out the dickering for city ownership. Where will the city get the \$100,000,000 or more which will be required for extending the subways and rehabilitating the utterly rundown elevated system with which it intends to merge the surface lines?

The streetcar company has money enough to provide for its own rehabilitation. But if the new owners, after paying for their purchase with the proceeds of income bonds, take streetcar money to revive the drooping elevated and subway lines, prospects for servicing these income bonds are open to reasonable question.

Loan Goal Drops

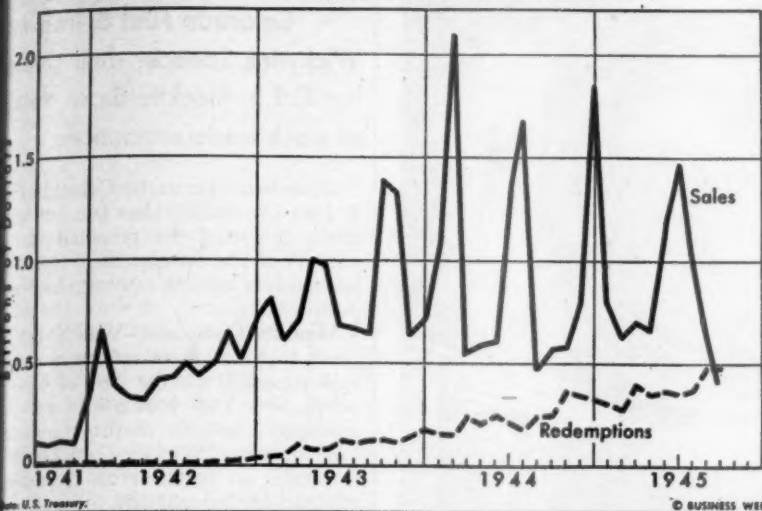
Treasury limits insurance and savings bank subscription in Victory drive. Redemption of series E bonds is increasing.

Treasury Secretary Fred M. Vinson made it plain this week that he will settle for a smaller yield in the coming Victory Loan drive (BW—Sep. 17 '45, p. 8) so that he can pay more attention to where the money comes from.

While this doesn't mean that the Treasury will stop leaning indirectly on commercial banks, it does signal renewed effort to keep the creation of new bank credit to a minimum. Vinson's predecessor, Henry Morgenthau, was content just to exclude the commercial banks virtually from direct subscription during the big bond drive. Vinson, going one step beyond, is trying to limit the indirect reliance on banks that has marked all previous drives.

• **Insurance Company Limits**—In a letter to banks throughout the country the Treasury has announced that in the

CASHING OF E BONDS TOPS SALES



U.S. Treasury

BUSINESS WEEK

ing drive subscriptions from insurance companies and savings banks will be limited for the first time. For all insurance companies the limit will be 5% of total holdings of governments as of Dec. 31, 1944, or 6% of admitted assets on that date. For savings banks, the line will be drawn at a figure computed by doubling the net increase in assets from July 1, 1945, to Sept. 30 and adding 7% of the amount of governments held on June 30, 1945.

Savings bank and insurance company subscriptions have been subject to informal review for some time, but this is the first time an official formula has been announced. Although the limits are pretty generous, government bond dealers think that the restrictions will make a real dent in subscriptions from institutional investors.

Gain in Bank Credit—In previous drives, many insurance companies and savings banks—as well as various other types of investors—have sold older issues of government securities to get money to invest in the new offering. Practically all of the securities liquidated in this fashion found their way into commercial bank portfolios. Thus, the big drives were accompanied and followed by a big increase in bank credit, even though the banks did not subscribe directly.

The restrictions on savings bank and insurance company subscriptions won't do anything like a complete stop to the switching, but they will set limits on liquidation that is undertaken with the idea of reinvesting. This probably means that subscriptions from the institutional investors will be somewhat smaller in the coming drive. Bond men figure roughly that insurance companies and savings banks, which accounted for subscriptions of \$6,400,000,000 in the Seventh War Loan, probably won't

put in for more than \$4,200,000,000 this time.

• **Less for Individuals**—The Treasury also is resigned to a smaller take from individuals. The goal this time will be \$4,000,000,000 from individuals, \$2,000,000,000 of it in the Series E savings bonds that go primarily to small buyers. In the seventh drive, the targets were \$7,000,000,000 and \$4,000,000,000, but the end of the war and the accompanying shakeup in employment and payrolls have put a damper on individual purchases. Bond men think that the Treasury will be doing very well indeed if it sells its \$4,000,000,000 to individuals.

All in all, the total yield this time almost surely will be well below the seventh drive's record-breaking \$26,000,000,000. It would be a black day in the Treasury if the Victory Drive brought no more than \$11,000,000,000, the official goal, but most of Wall Street thinks that \$15,000,000,000 to \$18,000,000,000 will be about the top.

• **Redemption Problem**—Meanwhile, the Treasury has another trouble—redemptions of savings bonds. In September, redemptions topped current sales for the first time, so that the Treasury actually lost money on the savings bond account instead of raising new funds. Sales of E bonds last month were \$451,000,000; redemptions were \$486,000,000. Treasury officials say that this was no worse than what they had expected in the first couple of months after the end of the war.

They point out that savings bond redemptions still are small in comparison with the amount outstanding. The fact remains that regular sales of E bonds have just about exhausted their usefulness as a method of mopping up inflationary purchasing power.



GET YOUR SHARE OF THE PEACE MARKETS

During the past few weeks it has become increasingly plain that American enterprise faces a tremendous job—and opportunity. We have known, of course, of the vast pent-up demand for goods for the domestic market and latest reports show previous estimates to have been conservative. Now, information from many parts of the world indicates foreign markets beyond expectations. To many corporations this situation calls for prompt and effective re-adjustment or new financing. This, in turn, calls for professional counsel and specialized experience. During the past 57 years Hornblower & Weeks has originated underwritings in many fields: aircraft, drug and chemical, electrical equipment, heavy steel, machine tool, railroad, retail store, automobile and many others.

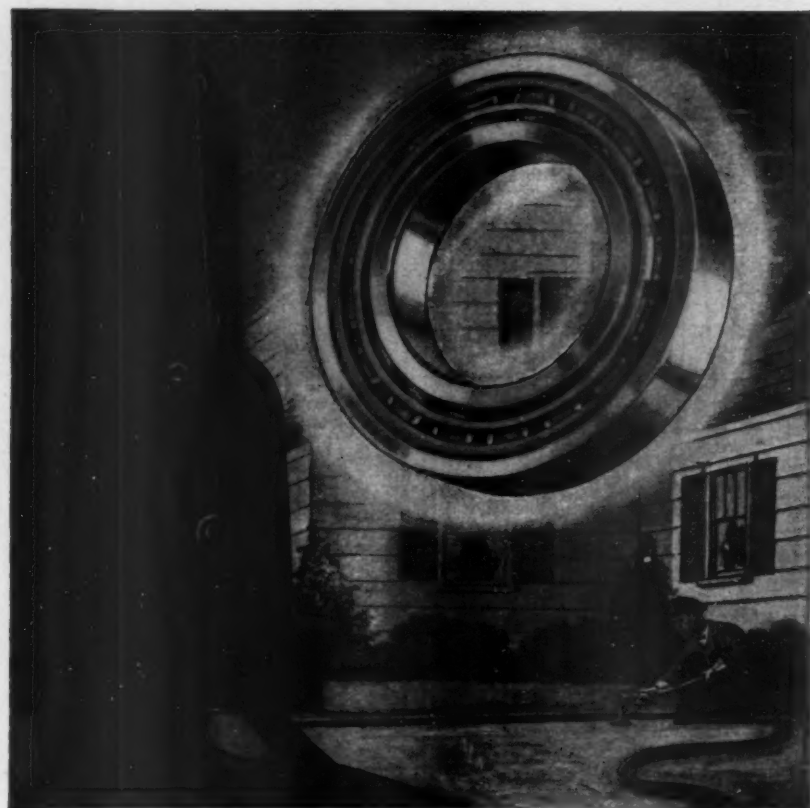
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Back the Victory—Buy Victory Bonds

Merger O.K.'d

Colorado Fuel & Iron and Wickwire Spencer deal ratified by C.F.I. stockholders; details of stock trade announced.

After two false starts, Colorado Fuel & Iron Co. stockholders late last week finally approved the proposed merger with Wickwire Spencer Steel Co. Two previously scheduled meetings had been postponed.

• **Minority Complaint**—Wall Street believes that the delay reflects a certain embarrassment on the part of Charles Allen, New York broker who with his associates controls both companies over minority Wickwire stockholders insistence on better terms than those accepted by the majority.

Wickwire common stockholders had accepted the merger proposal by an overwhelming vote, but a meeting of C.F.I. stockholders scheduled for Sept. 25 was postponed, according to C.F.I. President W. A. Maxwell, because a "substantial number" of Wickwire minority shareholders had threatened to exercise their rights to a stock appraisal under the law of Delaware where Wickwire was incorporated.

Under this law, a stockholder dissatisfied with the terms of a merger may compel the corporation to appoint appraisers to value his stock; if higher than the values he would receive in the merger, he may demand cash for his stock.

• **Reason for Delay**—Since the amount of money involved was "substantial," Maxwell said that the meeting was delayed until C.F.I. management and directors could decide whether, in view of this prospect, the company wanted to go through with the deal.

So far as was known in Denver Allen didn't attend the C.F.I. meeting there, although E. Perry Holder, president of Wickwire, was in the city. The vote was not announced, but holders of two-thirds or more of the shares must assent to such a merger.

• **Denver Headquarters**—What settlement, if any, was reached with the dissenting Wickwire minority, was not made known either. And it was said all details of possible physical combination, of officials of the new corporation, etc., would be worked out later.

Headquarters of the new corporation which would have approximately \$80,000,000 in physical assets, will be in Denver. There are few opportunities for integration of the producing properties of the two companies. C.F.I.'s big mine

ket is for heavy items, and its principal customers are the western railroads. Wickwire's trade is primarily in specialties.

• **New Shares Issued**—Under the merger plan, Wickwire stockholders will exchange each share of their common for 1.1 shares of a new C.F.I. 5% convertible \$20 preferred, which can be converted share for share into C.F.I. common. To swing the deal, C.F.I. will increase its common from 1,000,000 shares to 2,968,295 shares. The old C.F.I. common will be exchanged for the new stock on a straight one-for-two basis. Since C.F.I. now has 563,620 shares outstanding, this means that its present stockholders will get 1,127,240 shares of the new common. Another 629,828 will be reserved for issuance upon exercise of warrants now outstanding. In addition, 531,707 shares will be held for conversion of the preferred that is to be issued to Wickwire stockholders.

This accounts for some 2,288,775 shares out of the 2,968,295 that will be authorized. C.F.I. probably will hold the balance in the treasury as a backlog for future financing. The new common will have a stated value of \$5 a share, but warrant holders will have to pay \$17.50.

• **\$83,000,000 in Sales**—C.F.I.'s latest income report, out this week, shows a net of \$1,954,979 for the year ended last June. This figures out to \$3.47 a share on the common now outstanding. Gross revenues for the year came to \$57,171,800. In the preceding year,

C.F.I. netted \$1,672,061 on a gross of \$56,192,153. Wickwire Spencer's 1944 net ran around \$1,500,000 on total sales of \$26,000,000.

With the merger out of the way, C.F.I.'s next big problem is to put over its plan for operating the huge government-owned Geneva Steel plant, in Utah. C.F.I. already has made a detailed offer to the Reconstruction Finance Corp., which will handle the sale of Geneva. RFC and the Surplus Property Board are yet undecided. Also unsettled is the question of whether C.F.I. would try to swing Geneva alone or throw in with Henry J. Kaiser who has been bidding for the plant (BW-Jul.21'45,p15).

New Issue Rush

Pre-V-Loan activity may keep October market near last month's levels. Public responds to more attractive pricing.

Despite the stickiness of certain offerings since the Japanese surrender (BW-Sep.8'45,p63), last month saw the public sale of some \$700,000,000 of new corporate bond issues. It was the largest September total in nineteen years and 1945's second best monthly score to date.

Equity financing was also record-breaking. Sales of new stock issues climbed to the \$76,000,000-level, a new sixteen-year September peak.

• **Ahead of the V-Loan**—October may be almost as busy a period for Wall Street's underwriting group as September was, due to the current scramble to complete financing operations before the Victory Loan (page 76) causes a temporary blackout.

Last week's activity was brisk. Bond flotations, though concentrated in a

POPULAR SUBSTITUTE

In 1943, the New York State Bankers Assn. apologized when war metal shortages forced it to substitute felt insignia for gold, silver, and bronze 4-H pins it had been awarding since 1927. The pins again are available, but there's considerable doubt about switching back. Winners like Carl Mosher (above, right), Tompkins County farm youth, like to sew the felt badges on sweaters, shirts, and lumberjackets. The association is planning to take a poll.



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few issues, totaled around \$130,000,000, and some \$35,000,000 of new stock was sold.

● **Big Offerings**—Even greater activity appeared for this week. Scheduled for public sale by Wednesday were such big offerings as \$75,000,000 new Southwestern Bell Telephone Co. 2½% debentures, some \$32,000,000 Pennsylvania, Ohio and Detroit mortgage bonds, a \$40,000,000 Terminal Railroad Assn. of St. Louis issue, and \$40,000,000 Celanese Corp. 3% debentures. Other financing operations involving the offering of \$7,000,000 more bonds, 568,000 shares of preferred stock, and some 435,000 shares of common were expected.

Adding luster to this week's scheduled list of stock flotations was one piece of international industrial equity financing, a type of underwriting that had not been seen in the new issues market in many a day. Kuhn, Loeb & Co. and associates were expected to sell to the American public 197,500 shares of 100-peso (\$20) par shares of Industria Electrica de Mexico, a newly organized Mexican-controlled company which plans to build a \$10,000,000 plant near Mexico City to manufacture electrical and home appliances.

● **Entries Slowing Up**—As might be expected, with the federal financing in the offing, new entries for SEC registration have been showing definite signs of slowing up.

Sufficient business is in sight, however, to keep the new issues market boiling until the V-Loan takes over. Early this week, excluding the new securities scheduled for offering by Oct. 12, some \$350,000,000 of bonds, representing 16 individual issues, were incubating in the Securities & Exchange Commission's new-issue hopper. Likewise awaiting SEC release was additional financing involving the issuance of 1,895,000 shares of new preferred stock and 3,400,000 shares of common.

● **Slow Movers**—The sluggishness noticeable recently in the new issues market has centered to a great extent in the offerings of rail issues of less-than-investment quality. The particularly sticky reception accorded Great Northern's offering of a long-term 3½% issues some weeks ago was a sign that yields had dropped too low. Underwriting syndicates, as a result, have become more realistic.

Insistence on 3½% and 4½% coupons in the case of offerings by the Southern Pacific and Northern Pacific systems (BW—Sep.29'45,p52) made the sale of their new long-term bonds a much easier affair even though neither of those underwritings was an early success.

● **Consumer Power**—The rails, however, haven't been the only slow movers

lately. Another disappointment to underwriters was the poor public reception of the recent offering of \$113,000,000 Consumers Power 30-year 2½% bonds. Offered at 102.37% of par to yield purchasers 2.75%, the bonds proved very sticky from the start even though they were considered to be of investment quality.

Even now the best over-the-counter bid obtainable for the issue is almost a point under its original sales price.

● **Pricewise**—More recent offerings of new issues have been much more successful. However, in many cases this has been because they have been made more attractive to buyers from a price standpoint. More than a few Street observers now believe that, if the more realistic bidding is continued, the new issues market's case of indigestion can be cleared up.

Especially encouraging has been the recent increase in new issue purchases by the bigger insurance companies.

● **Mostly Refunding**—Refunding operations, particularly in the utility and the rail fields, continue to furnish the market with the bulk of its new issues. The sale of new issues to supply additional capital, however, is slowly but surely trending upward.

The spectacularly successful \$17,000,000 Kaiser-Frazer Corp. stock offering late last month (BW—Oct.6'45,p76) indicates that plenty of "venture capital" is available for tapping.

P. S.

The U. S. Supreme Court decided this week to review last spring's order of the Tenth U. S. Circuit Court of Appeals that a Denver & Rio Grande Western R. R. reorganization plan be returned to the Interstate Commerce Commission for further study. The circuit court held that creditors and stockholders must be allowed to share in any prosperity arising from war profits (BW—May19'45,p67). The Reconstruction Finance Corp. intervened to plead that this decision violated earlier Supreme Court rulings. . . . Wheeling & Lake Erie R. R. directors have approved the plan recently proposed for consolidating the Chesapeake & Ohio family into one rail system (BW—Sep.1'45,p76). Next to be secured is the approval of the stockholders of the four roads involved and the ICC. . . . To the long list of prominent companies that have decided to split up their stock to encourage a wider distribution of the shares (BW—Dec.30'44,p73) can now be added Sears, Roebuck & Co. Last week its stockholders approved splitting up the present stock, which recently was selling at \$144 a share, on a four-for-one basis.

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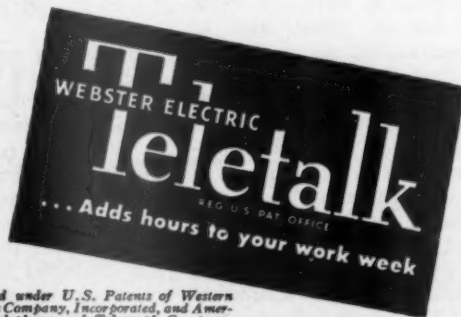


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MARKETING

High Octane Jumps the Gun

Motorists' demand for better-than-needed motor fuel may force many refiners to market supergasoline before autos are ready for it. Small companies hit by lack of catalytic cracking units.

The nation's oil industry appears to be headed into a not-so-merry competitive fight for the motoring public's business—a fight that may force many a company to market gasoline of high octane rating simply because of the promotional possibilities inherent in "aviation type" motor fuel.

• **Octane-Conscious**—Prior to the second World War, motorists had only a hazy

knowledge of, and less interest in, the octane rating of gasoline. Their knowledge still is hazy, but all the wartime publicity concerning 100-octane aviation gasoline has left them octane-conscious. Obviously, no alert advertising man could pass up such an opportunity.

Already one Pacific Coast refiner has placed 91-96-octane gasoline on the market (BW—Sep. 22 '45, p18), while an-

other firm with distribution throughout most of the nation is advertising a "new gasoline, power-packed with 100-octane components."

• **Better Than Needed**—Actually, few cars running today, or to be built in the next year or so, require gasoline with octane ratings above those generally marketed before the war. So, for several years motorists may be buying gasoline that is actually better than they need. Not until compression ratios in auto engines are increased will the full potential of improved performance of higher octane gas be realized.

Moreover, octane isn't the sole criterion of gasoline performance. Cold weather starting, for instance, is important to many a motorist, but that can't be gaged by the octane number of the gas he uses.

• **Range Cut During War**—Before the war, household gasolines were generally in the 74-76 octane range, with premium

Rhymer on Horse Sense Is FTC Young Blood at 52

After ten years there's a new face on the Federal Trade Commission. Lowell Blake Mason, named to fill the unexpired term of Col. Charles H. March, who died last month, is the son of the late Sen. William E. Mason of Illinois.

At 52 he will be a youngster on the FTC. Chairman Ewin L. Davis is 69; Commissioner Garland S. Ferguson, 67; and Commissioner William A. Ayers, 78. Commissioner Robert E. Freer, 48, whose appointment expired Sept. 25, is expected to be replaced.

• **Ex-State Senator**—Mason's public life began as assistant corporation counsel of Chicago in 1915, just a year after he was graduated from Northwestern University Law School. He was an Illinois state senator from 1922 to 1930. In 1934, Clarence Darrow called him to Washington as counsel of the National Industrial Recovery Review Board, appointed by President Roosevelt to look into charges that NRA codes were "designed to promote monopolies or to eliminate or oppress small enterprises."

As Darrow's "hatchet man," Mason hewed out evidence which resulted in revision of scores of codes. The following year he was retained as counsel of the Senate judiciary subcommittee that investigated NRA.

• **Known on the Hill**—Since NRA days, Mason has engaged in "general departmental practice," which is



Lowell Blake Mason

sometimes a euphemistic term for lobbying. He is well known on Capitol Hill. Although a Republican, he has Democratic connections.

The new commissioner knows all the members of the FTC, and has settled a number of cases with that tribunal, mostly by stipulation. FTC records show only one which was contested through formal hearings, but that one case is enough to suggest that Mason is not likely to be a hair-splitter on the FTC. The commission charged that the trademark and ads for "porcelainized" auto polish were misleading the pub-

lic into the belief that a vitreous or porcelain-like coating was applied.

• **A Point of View**—Mason argued that there could be no deception because "porcelainized has no more to do with the stream of commerce in porcelain than Ivory soap has to do with the piano key market, or Grimes Golden has to do with jewelry, or Pears soap with fruit growers."

Throughout his brief, Mason referred to opposing counsel as "trial attorney," explaining in a footnote that the usual designation of "counsel for the commission" unfairly clothes him with the mantle of commission approval. He closed his argument with a versified summary titled "Horse Sense."

Kind commissioners: some lawyers most wise

Think the public is fooled with "porcelainize."

When you buy polish your car to rub up

Who the heck wants to buy a China tea cup?

• **Left Intact**—Last May, three years from the date of complaint (about average for FTC cases) the commission handed down an order to cease and desist from some of the more extravagant puffery for "porcelainize" but left the trademark intact.

Lawyers who practice before the FTC will be watching to see if they can detect a new tact in commission orders reflecting the "horse sense" of the new member.

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... when inadequate packaging threatened our war effort?

Houghton's Rust Preventives—tops in two wars—are now preserving excess war materiel... protecting peace-time shipments

Rust, ever a threat to metals, became a serious problem early in World War II, until packaging itself was studied and improved.

Basically corrosion problems have not changed. Remember the first world war when Cosmoline was used to protect rifles and munitions which were thus kept in safe condition until urgently needed in 1941. Remember also the aid given by Houghton in the early days of the war just won, when specifications were drawn up to standardize protection procedure of manufacturers. The names "Cosmoline" and "Rust Veto" have been synonymous with rust prevention for three generations.

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gases rating 80-82-octane. During war these dropped to 70- and 76-octane by federal edict (refinery output was just to turn out more aviation gasoline; tetraethyl lead, an antiknock additive, was diverted from motor fuel to aviation gas).

With the ending of gasoline rationing and the lifting of restrictions on quality, refineries began improving motor fuel (BW—Aug. 25 '45, p. 18). Today's housebrand gas is generally rated at 75 to possibly 82 octane; premium gas is largely 82- to 85-octane—the latter well above the needs of the great majority of cars.

Be that as it may, gasoline-starved motorists, tired of engines that knock while using wartime grades of fuel, are buying premium gas as never before. Where 1941 sales of the higher grade gas were about 20% of total consumption, demand now is running about 50% of the total, with shortage of premium supplies a limiting factor in actual sales.

• **Small Refiners Handicapped**—In the mounting fight to capitalize on consumers' octane-consciousness, the nation's small refiners find themselves at a definite disadvantage (which accounts at least in part for the wide spread in current octane ratings of fuels). Most of the catalytic cracking units, which produce high octane gasoline most economically, are owned by the big refineries. These units were largely built during the war to meet the needs for aviation gas. Production of auto engine fuel from these units is possible simply by turning a valve here, adjusting a combination there.

These ultra-modern units are capable of producing superquality motor fuel sufficient to meet 26% of the nation's normal peacetime demand for all gasoline. But all of this catalytic capacity is concentrated in 58% of the country's refineries—the remaining refiners have none.

• **Costly Alternatives**—The latter group thus faces the alternative of installing such facilities (without, incidentally, the benefit of rapid wartime depreciation allowances) or of buying high-octane blending stock from present producers and using such stock to enrich their product. With their present equipment they simply can't increase the proportion of premium fuel from a given quantity of crude oil without raising costs prohibitively.

Catalytic cracking units represent a multimillion dollar investment. Few independent refiners can afford the outlay without the assurance of an adequate crude oil supply for years to come and of a market for the refinery products.

At least two research companies

dry Process Corp. and Universal Oil
ducts Co., have developed smaller
s (BW-Oct.6'45,p10) of 2,000 to
0 bbl. per day charging capacity and
ers are known to be working on the
blem. But refiners are quick to point
that small units simply can't pro-
gas as cheaply as the big ones
able to.

Octos May Catch Up—This develop-
octane race may have repercussions
the automobile manufacturing indus-
also.

because of close cooperation between
two industries, increases in auto en-
compression ratios and higher oc-
gasolines formerly have gone hand
and. With better-than-necessary gas-
available, car makers may find it
rable—even imperative—to speed up
development and manufacture of
which can take full advantage of
her octane motor fuel.

Milk Showdown

Peacetime continuation of
very-other-day home delivery
posed by teamsters' union,
cked by big city dairies.

in most of the country's 600 fluid
marketing areas, dealers and route-
men are working up to a showdown on
whether daily delivery on home routes
be resumed Nov. 1, when the Office
Defense Transportation order requir-
every-other-day delivery is rescinded.

Clean-Cut Cleavage—By "simultane-
inspiration," as a Borden Co. official,
are of antitrust implications, point-
phrased it, milk dealers are solidly
posed to going back to daily delivery.

The unions, most of them locals of
the A.F.L. International Brotherhood
Teamsters & Chauffeurs, are equally
dly in favor of it, to create more
Exception is Detroit's United
Dairy Workers, Local 83, one of the
C.I.O. affiliates involved. Its mem-
bers, who work on a percentage basis,
they work fewer hours and make
less money under the present system.

Tie-Ups Threatened—The issue has al-
ready cropped up in California, where
the interests defeated a bill to out-
right daily delivery (BW-Jun.9'45,p94),
and in Oregon, where David Beck,
teamsters' leader, forecasts a tie-up of
the Seattle milk industry unless daily
delivery is resumed—despite the fact
that a state regulation makes it an un-
lawful trade practice (BW-Sep.22'45,p86).
Nor have dealers been idle. The New
England Dairy Assn. is currently buying
advertising space to persuade consumers
that "E.O.D. (every other day) is just



Danger! Men Re-working

Just as many an office manager got almost reconciled to the difficulties of wartime crowding and disarrangement in all departments . . . along comes reconversion, and he has a new set of problems. If you're in that spot—trying to put things back as they were, so that everything ticks as once it did—there's a man who can help you. He's that cheerful expert—

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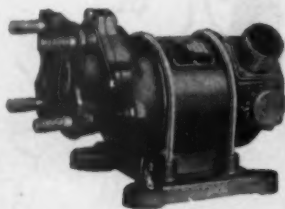
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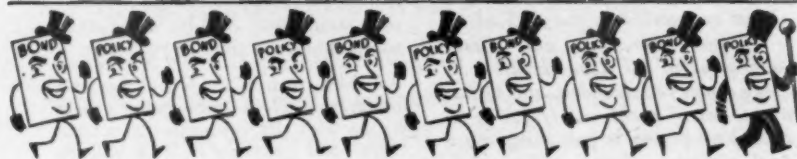
FIRST, select the motor manufacturer best qualified to work with you, both from the standpoint of engineering background and experience in building special application, fractional horsepower motors.

SECOND, call in this manufacturer when your product is in the early stages of development.

THIRD, take full advantage of his valuable experience by having his engineering department work in conjunction with yours, or place your motor problem entirely in his hands.

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plain horse sense." Last month companies distributing 48% of the milk consumed in the New York area (6% of the milk delivered to homes) publicly announced their intention to continue every-other-day delivery. Last week they publicized a Cornell University study, "Cost of Distribution of Milk in the New York-New Jersey Metropolitan Area," to bolster their position.

• **Important Cost Factor**—Dealers are well aware that in every-other-day delivery they have what one of them calls "the third great factor affecting marketing costs in the past 25 years—the other two being introduction of the tank car and tank truck transportation and the trend toward distribution through retail stores.

Accordingly six New York and New Jersey firms financed Cornell's study of distribution costs under both delivery systems, leaving the university free to release any data uncovered. Cooperative dealers were Alderney Dairy Co.; The Borden Co.; Dellwood Dairy Co.; the Morrisania Farm Products, Inc.; the Middletown Milk & Cream Co.; the Janssen Dairy Corp.; M. H. Renk Dairy Co. and United Dairies, Inc.; and Sheffield Farms Co., Inc.

• **Affects Retail Prices**—The Cornell study points out that while the retail price of milk has increased 1.3¢ a quart since 1941 in the area studied, the increase would have been closer to 4¢ had it not been for the government subsidy of 1.8¢ a quart and the economies of every-other-day delivery. Assuming the daily delivery is reestablished with 1941 route loads and mileages and that 1941 wage and commission rates prevail, the study concludes that:

(1) The cost of milk delivered to retail customers would be increased another 1.3¢ a quart—an increase that would eventually be passed on to consumers when price control is lifted.

(2) A routeman would deliver about 25% less milk each day but would make 40% more stops (climbing 40% more stairs) than he now does, and receive about \$3 less a week because of smaller commissions (at 24% of retail sales).

(3) About 1/3 more retail routes would be added, but the increase in jobs would be temporary. Economies of every-other-day delivery were the chief factor in halting the prewar trend toward milk distribution through retail stores; the inevitably greater spread between home delivered prices and store prices caused by reinstituting daily delivery would prompt housewives to carry their own milk again.

• **Profit Rate Rises**—The dealers' own stake in retaining E.O.D. is also made plain by the Cornell report: The profit rate of "leading milk companies" studied

month... the... area... (6... es)... n to... y. L... hell... tribu... w Je... ter th... alers... ay de... m call... ng m... 5 year... ction... portab... tribu... and Na... study... deliv... free... operat... o.; T... o.; la... c.; an... o.; la... Renk... nc.; an... Com... e ret... a qua... the... 4¢ ha... subsi... nies... ng th... h 194... at 194... ail, th... to r... creas... se the... o co... ed. I... abo... mak... mo... receiv... malle... les). I... woul... woul... even... fact... mil... s; th... hom... caus... woul... ow... ow... mad... prof... stud... 194...

varied from .6% of net assets in 1941, to -2.5% in 1942 (when dealers were temporarily squeezed between price declines and increased prices paid to producers—a condition later adjusted by federal subsidy), to 5% last year.

So far officials of the five A.F.L. unions representing the dealers' employees have made no public statement, but the matter was a prime subject in their conference with national union leaders in Washington last week.

Meanwhile the six dairies played a trump card: A Crosley survey of metropolitan New York housewives showed that 80% were satisfied with everyday delivery, and 76% were unwilling to pay 1.3¢ more a quart for the convenience of daily delivery.

LAUNDRY IDEA SPREADS

Consumer acceptance of automatic home washing machines scored another gain last month when Automatic Laundry Distributors, Inc., with the cooperation of Westinghouse Electric Appliance Division, opened the Laundromat-equipped Half-Hour Laundry—first of a chain—in Mansfield, Ohio.

Like the Bendix Launderette chain established last November in New York by Telecoin Corp. (BW—Aug. 25 '45, p. 26), the Mansfield unit promptly enjoyed a brisk business. The customer drives her car into the adjacent parking lot, brings in her laundry to be weighed by an attendant, loads the washer, adds the free soap provided, sets the dial and turns the switch. The machine washes, rinses, and wrings the clothes within half an hour, while the customer goes shopping, enjoys the comforts of the lounge, or watches a demonstration of the Westinghouse ironer.

Neither Westinghouse, nor Bendix Home Appliances, Inc., is financially interested in the self-service laundry chains which use their equipment. It goes without saying, however, that neither operator lacked manufacturer cooperation. For while many U.S. women regard the automatic washer as a postwar must, manufacturers are well aware that the substantially higher price (compared with standard models) will create some sales resistance.

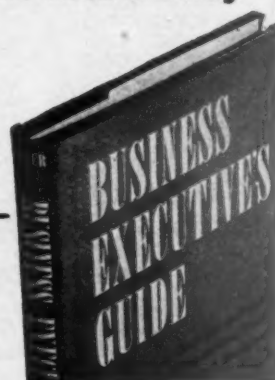
FUTURE OVER SURPLUS

Manufacturers who supplied razor blades, hand lotion, candy bars, and much for sale in overseas post exchanges have been exercised ever since the Army declared some \$7,000,000 worth of these goods to be surplus property. The Commerce Dept.'s Office of Surplus Property was for selling it all in a hurry—while the market is hungry-priced at retail, wholesale, and chain-store levels—

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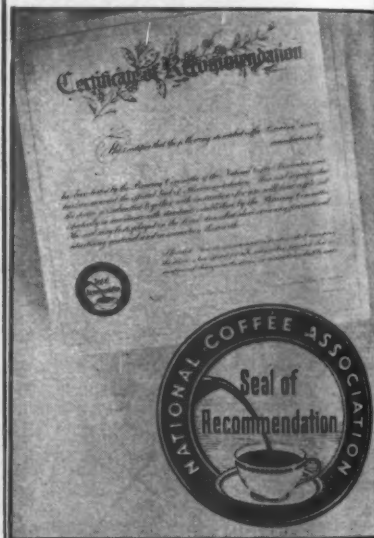


but the drug trade, principal outlet for this class of goods, had other ideas.

Distributors were interested in maintenance of fair trade contract prices. Manufacturers were concerned over possible sale of deteriorated goods and effect on brand name prestige. But brought pressure for resale of the surplus to its original makers for disposal. When the Surplus Property Board agreed, with cost-to-the-government plus freight, as the pricing formula, seemingly satisfied everybody—except those not directly involved. Makers of other trademarked items asked to bring their goods back, too.

The Justice Dept., hostile to fair trade pricing, is objecting to terms which would not produce maximum price to the government, and is questioning whether resale to manufacturers would meet legal requirements. Federal departments and state and local governments, who have priority under the Surplus Property Act, objected to being bypassed.

When SPB issued its general "set aside" plan for preferred (governmental) customers, it revoked the original sale-to-manufacturer authorization. The whole policy on resale to original producers is being reconsidered.



FOR APPROVED BREWERS

Many industries have publicized standards for their own products; the National Coffee Assn. differs by announcing standards for firms outside its own ranks. It will award a certificate and seal of approval (above) to manufacturers of coffee making devices which produce brews that meet N.C.A. specifications in flavor, aroma, strength, and clarity.

FTC Not Satisfied

Freight absorption issue may be tested if commission decides to follow through on basing-point price decision.

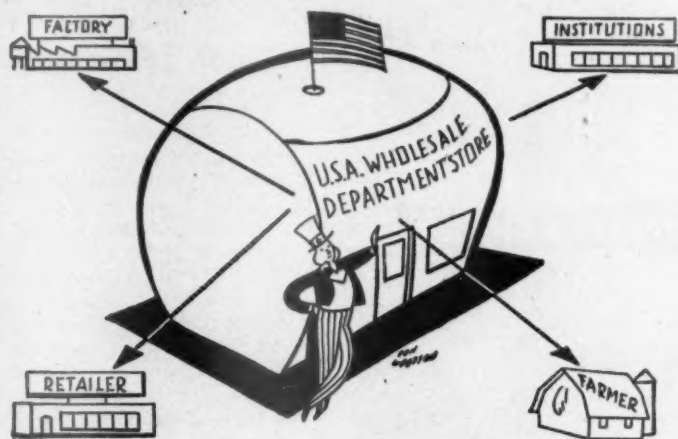
Even if the steel industry develops basing points for all its products at every major point of production as a result of present price adjustments (BW—Oct. 6 '45, p. 21), the Federal Trade Commission may still be far from satisfied with the industry's pricing structure. For such a setup, while it would do away with the charging of phantom freight (payment by consumers of non-existent freight), would not be a barrier to what FTC considers the opposite vice—freight absorption.

• **Door Left Open**—FTC is still dead against freight absorption. One evidence of this is the commission's attitude toward the compliance reports recently filed with it by Corn Products Refining Co. and A. E. Staley Manufacturing Co. Last spring, the U. S. Supreme Court, in a decision that is making economic history, outlawed the single basing-point system employed by Corn Products and Staley.

The decision left the door open to freight absorption, however, by stating that "It does not follow that respondents may never absorb freight when their factory price plus actual freight is higher than their competitors' price. . ."

• **May Test Issue**—FTC officials say that compliance reports filed by the two companies, in line with the court's decision, indicate that they will continue to absorb freight. Unless Corn Products and Staley voluntarily amend their practices to FTC's liking, the commission (which believes the Supreme Court's brief comment on freight absorption does not constitute an exoneration of this practice) may use them to test the issue. This could be done by filing a contempt proceeding, charging the companies with noncompliance, in the Seventh Circuit Court of Appeals in Chicago, from which the Corn Products' case went to the Supreme Court.

Theoretically, of course, the laws of competition will quickly eliminate any company which is consistently obliged to absorb freight by reason of its disadvantageous location with respect to an industry's markets. Hence, over the long pull, there should be no difference between an f.o.b. price system and a multiple basing-point system if every point of production is a base. FTC's contention is that the consistent practice of freight absorption by an industry is evidence of a padded price structure,



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NATION-WIDE SALES AND ERECTING SERVICE

Color Television: CBS Says It's Here

With his bombshell announce-
ment that color television in the
ultrahigh-frequencies had become
now an accomplished fact, Paul W.
Kesten, executive vice-president of
the Columbia Broadcasting System,
who never misses a chance to advance
the idea that postwar television
should wait for just such an improved
service, stole the show this week at
the Federal Communications Com-
mission hearings on television regu-
lations and standards.

• **High Definition**—In recent dem-
onstrations the new CBS television
has operated on a frequency of 486
megacycles with a video band width
of 10 megacycles; no sound track
accompanied the video signal. Broad-
cast from the new experimental
CBS transmitter atop the Chrysler
building in New York City and re-
ceived in a studio "many blocks
away," the pictures were reported to
have unusual clarity, thanks to their
high definition—1,575 lines as con-
trasted with the present standard of
525 lines for black and white. (Color
television, using red, blue, yellow,
requires roughly three times as many
lines to achieve the same definition.)

Kesten's announcement was no
news, however, to two of the com-
missioners, E. K. Jett and Charles
R. Denny, Jr., who together with two
FCC engineers saw a demonstration
of the Columbia system in New York
a fortnight before the hearing. Pub-
lic demonstration will be held up-
pending the installation of new and
improved equipment, but it is a safe
bet that it will be made before the
year ends, if for no other reason than
that Kesten is determined to make
good on his boast that such a system
could be technically perfected within

a year after the industry got permis-
sion to proceed.

• **Lost the Argument**—This was Kes-
ten's feeling when CBS first an-
nounced its intention to fight re-
sumption of television service on the
prewar low-frequency standards (BW
—May 6 '44, p90). It was a point he
made when the FCC held public
hearings on dividing up the postwar
radio spectrum. But despite Colum-
bia's strenuous argument, the com-
mission finally ruled that commer-
cial television could be resumed in
channels 6 mc. wide, ranging from
44 to 216 mc., essentially the assign-
ments which existed before the war.

The commission also made high-
frequency allocations—480 mc. to 920
mc.—for experimental television, but
that was no sop to CBS. It argued
that an improved service would be
delayed five or ten years if the indus-
try and the public made an invest-
ment in equipment which could
operate only on the low frequencies.
The charge was commonly aired that
the Radio Corp. of America, in argu-
ing for immediate resumption on the
prewar standards, was motivated by a
desire to cash in at once on the
millions of dollars it had invested in
television development.

• **More Dollars**—From the day CBS
lost its fight before FCC, it set it-
self resolutely to the development of
an ultrahigh-frequency system as soon
as possible to forestall purchase of
low-frequency equipment. Lacking a
manufacturing affiliate which stands
to profit or lose through sale of
equipment, Columbia argues simply
that an improved television service
will bring in more advertisers' dollars
sooner and avoid unnecessary obso-
lescence.

providing a cushion for producers who
have to do the absorbing.

• **What Is Good Faith?**—The "meeting
competition" clause in the Robinson-
Patman law constitutes an entering
wedge for freight absorption in the anti-
trust laws. But the law stipulates that
such price reductions must be made in
"good faith." Says one FTC official,
"When the price of every competitor is
matched at every point of production,
is this 'good faith'?"

Two other basing-point cases FTC
has cooking—one against the maltsters
and the other against milk can manufac-
turers—may also provide tests of the
question of freight absorption.

P. S.

The department store trade thinks
there may be some substance to reports
that New York City's R. H. Macy &
Co., world's biggest department store,
is seeking to buy a stock interest, pos-
sibly control, in Chicago's Carson Pine
Scott & Co. . . . As the government's
antitrust suit against the motion picture
industry's Big Five producer-distributors
opened in New York City this week
(BW—Oct. 6 '45, p7), the Supreme Court
refused to review a lower court decision
which denied a group of St. Louis
theaters permission to intervene in the
government's suit. The theaters claimed



Stopper in any store or window...

Even a small dealer knows the big value of advertising in the Sunday comics section! He reads the comics. So does his family.

And when you give him a page reprint from any Metropolitan Group Sunday comics section, he recognizes its advantage as a sure stopper in his main store window... knows that you're advertising in a leading Sunday newspaper with a lot of local circulation among his customers... that adults as well as children have already seen your message. (Checks show three out of four adults are regular readers of the Sunday

comics sections in the homes where Sunday newspapers circulate!)

He knows that your message in the comics sections has high reminder value, definitely identifies brand, package and product.

And for the people who haven't seen the copy, the comics reprint continues to work as advertising. (The best radio program cannot be repeated at the point of sale!)

BECAUSE the comics reprint is a dealer help that really helps — it has lots of motive power in it.

Metropolitan Group gives close coverage, habitual readership and the highest advertising receptivity

nation-wide as well as locally... through any or all of the Group's forty-five major Sunday papers with a giant circulation exceeding 16,000,000... reaching half of the nation's better buying families, with more concentrated coverage than any other type of media provides! Or matching media to fit your market pattern and program!

Metropolitan Group's Sunday comics offer full color at lowest cost, a space unit big enough to reproduce package or product. And the Group is easy to buy—One order, one piece of copy, one bill! Details from any office...



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they had been hurt by the old movie consent decree (which marked an interlude in the government's suit), specifically that arbitration proceedings under the decree had given them a bad break on clearances. . . . Other grit from the Supreme Court mill: The court upheld, by refusing review on the petition of Armour & Co., an Emergency Court of Appeals decision which indorsed OPA ceilings on wholesale cuts of beef (BW—Apr. 7 '45, p18). The court agreed to review, at the request of A.P.W. Paper Co., a Federal Trade Commission ruling which would have banned the use of the Red Cross symbol on the company's household paper products. Previously, at FTC's behest, U. S. Shoe Corp. had changed the name of its line from "Red Cross" to "Gold Cross." . . . Adam Hat Stores, Inc., will introduce, as traffic-builders, a popular-priced line of men's toilet goods.

Freezer Tryout

Frozen food locker facilities in Chicago apartment building fully rented since installation. Experiment to be expanded.

Tenants of Chicago's swank 180 East Delaware apartments have been the guinea pigs for the frozen food locker industry's pioneer effort to furnish apartment dwellers with locker service equivalent to that enjoyed by farmers and residents of smaller towns.

• **Fully Rented**—A 32-unit food locker, in an insulated enclosure behind cold storage doors, was installed in the 80-suite building last January by the Air Comfort Corp., Chicago distributor for Carrier Corp.

Planned to test out the idea of providing city apartments with frozen food storage space, combined with delivery service, the unit has been rented to capacity since its installation. Air Comfort is going ahead with similar installations in four other big Chicago buildings.

• **Direct, or by Mail**—Renters pay \$2 a month for a 3-cu. ft. locker, half the size of the usual locker plant drawer. They can order by mail from a frozen food delivery service, which has a concession to supply them, or can buy direct from retail stores.

Steak, chops, vegetables, and fruits ordered through the delivery service and placed in the locker by the deliveryman who has a pass key may be removed by the owner as needed. Renters are billed monthly for their food purchases. Originally Air Comfort set up its own Foodmaster Delivery Service to

supply locker renters with frozen foods, later turned over the delivery business to Freezer Foods, Inc., owner of a retail frozen food shop in suburban Hubbard Woods (BW-Apr. 14 '45, p68).

• **Industry Watches**—Refrigeration manufacturers, aware of the problems of selling city dwellers on frozen foods and home freezer units, are keeping a close eye on the plan. Most believe it adapted only to the very large metropolitan centers, where buildings of 60 or more apartments make possible installation of at least 30-unit lockers, which is considered to be the smallest economical size.

Industry leaders hope that butcher shops, food stores, or other retail stores may install locker space for rental to families living in smaller buildings or in apartments too small for economical use of home freezer units.

• **Training Retailers**—Conceding that profits from such locker installations must come from the sale of frozen foods, rather than from the rental of locker space, the freezer trade realizes that it has a big educational job to teach retailers how to handle and process frozen foods before such a plan will succeed.

Another big question mark in the industry's expansion plans is the extent to which housewives will continue home food preservation and storage, whether by canning or freezing, once food shortages disappear.

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for locating your plant in TENNESSEE

The mighty TVA Public Power System is a "power-full" reason for locating new or decentralized industry in Tennessee. It furnishes abundant hydroelectric power to private industry at the lowest rate in Eastern America. Public Power and Private Enterprise are truly partners in TENNESSEE. Their partnership makes possible the lower production costs that will put Tennessee locations out in front in postwar competition.

Low-cost power is only one of the many advantages offered by Tennessee plant locations. Check the other basic advantages listed. Write for specific information and survey relating to your particular requirements. Ask for illustrated book: "Tennessee—Land of Industrial Advantages."

Basic Advantages to Plant Locations in Tennessee

- ★ An unsurpassed variety of major industrial minerals and agricultural products.
- ★ Inland waterway system of three great rivers for low-cost transportation to Midwest, Gulf, and World ports.
- ★ Central location permitting 24-hour delivery to more than 51% of the Nation's population.
- ★ Huge coal reserves making possible economical steam-power generation.
- ★ An inexhaustible supply of industrially suitable water.
- ★ Excellent railway, highway, and airline transportation.
- ★ Opportunity for low-cost assemblage of raw materials or manufactured parts.
- ★ Cooperative skilled and semi-skilled native-born labor.
- ★ Uncongested plant sites near basic materials, river and rail terminals.
- ★ Ideal living conditions for both employer and employee.
- ★ Sound State tax structure. No personal earnings or sales taxes.
- ★ State and municipal governments friendly to industry.



USHERS ON THE AIR

Posing obviously for publicity reasons, a bevy of Wrigley Field usherettes bolsters Gavin Mfg. Corp.'s effort to put its wartime Motorola Handie-Talkie sets to peacetime uses. The sets were issued to help control, catch the collective eye of World Series crowds this week in Chicago.

Tennessee Department of Conservation
770 State Office Bldg. Nashville, (3) Tenn.

Investigate **TENNESSEE**
THE FIRST PUBLIC POWER STATE

LABOR

Strike Issues Unsettled

Industrial front will be in turmoil until new national wage policy is formulated and foreman unionization, security, and jurisdictional problems are ironed out satisfactorily.

Return to work of oil refinery employees and other large segments of 550,000 strikers reduced the midweek strike figure to less than 425,000—of which more than 40% were coal miners (page 102)—but the figures are deceptive. The issues behind the current strike wave, which may mount or recede week by week, are still unsettled. Until a new national wage level is established by government policy, the industrial front will be in turmoil.

• **Policy Awaited**—The establishment of postwar government wage policy should take the largest single issue out of the area of dispute. But other matters—A.F.L. and C.I.O. jurisdiction, union security, foreman unionization, management's right to discipline, etc.—will keep the labor front from settling down completely for a period which may last until next summer.

Washington is bending its efforts to make the Nov. 5 Labor-Management Conference a matrix for developing machinery for the peaceful and expeditious settlement of disputes. But its attention is being diverted by the need for putting out, or at least keeping under control, fires which are already raging.

• **The Strike Line-Up**—At midweek, the most important of the strikes, in addition to coal, were:

Lumber—A.F.L.'s 61,000 Pacific Northwest lumbermen continued on strike, with no sign of a settlement. A.F.L. shipping unions declared lumber "hot cargo," and carpenters nationally were considering a plan to refuse to work with Pacific lumber. C.I.O.'s 35,000 to 40,000 lumbermen and woodworkers still were negotiating with employers, with patience wearing thin.

Shipping—Revolt of 30,000 stevedores against contract terms accepted by their International Longshoremen's Assn. (A.F.L.) had New York City docks tied up, with at least 300 ships immobilized. Orders from Joseph P. Ryan, international president, for a return to work were ignored by members of 63 locals with jurisdiction over the docks. Troop transports were being unloaded only if they carried no cargo.

The Queen Elizabeth failed to meet this requirement; as a result, the Army moved in troops to handle the job.

Principal grievances involve working conditions, with stevedores complaining that their leaders have not gained for them what C.I.O. longshoremen on the West Coast have won under the leadership of Harry Bridges. Bridges' union was quick to assure A.F.L. strikers of the C.I.O. union's support.

Oil—Government seizure of 51 refineries in 15 states brought to an end a walkout of 43,000 C.I.O. oil workers, but failed to settle issues of their two-week strike.

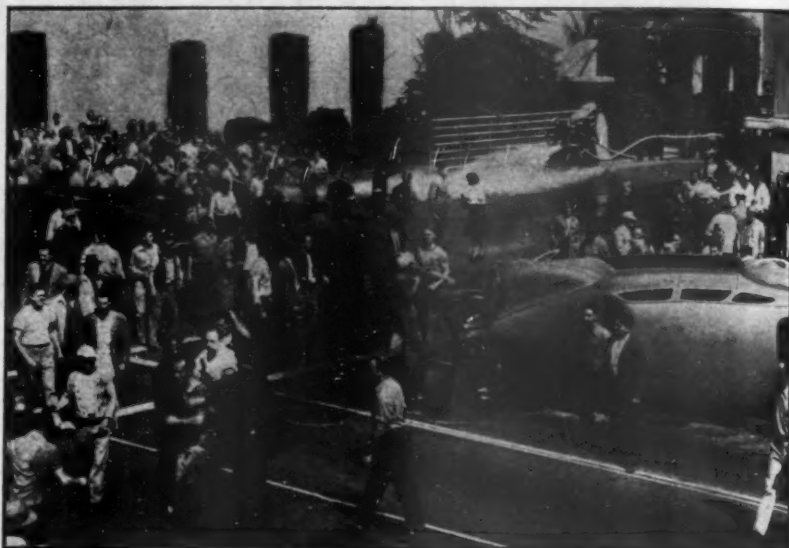
The Navy, operating refineries and

pipelines, announced it won't enter into contract negotiations with the union. Hence, oil workers must either resume negotiations on a company-by-company basis, or take their demands up with the National War Labor Board—at best a dubious process now.

Automotive—Detroit was without serious strike problems for the first time in six weeks, with Kelsey-Hayes back on a full basis and Hudson Motor Co. resuming production after a costly five-week walkout of foremen. End of the Kelsey-Hayes strike resulted from rebel local elements being worn down by United Auto Workers Union (C.I.O.) top leadership. Work resumed without the presence in the plant of three shop stewards whose discharge precipitated the Ford supplier's tie-up. End of the strike enabled Ford to recall 50,000 workers.

The Hudson strike, called by the independent Foreman's Assn. of America, was settled when U. S. conciliators persuaded union and management to accept a temporary adjustment of wages.

Clouds on the labor horizon at Detroit were ominous, however. Connally-Smith strike votes have now been set by the National Labor Relations Board



MOB SCENE—HOLLYWOOD STYLE

Paling any make-believe action concocted inside, one of several picketline melees—with no punches pulled—turns the threshold of Warner Bros.' Burbank studio into a scene of real battle. The weapons are fists, clubs, and fire hose; the cast, strikers, nonstrikers, and police; the script, a complicated story of jurisdictional struggle over 77 set designers and involving seven A.F.L. international brotherhoods. Disregarding A.F.L. chieftain William Green's formula to settle the seven-month-old strike, the International Alliance of Theatrical Stage Employees closed the ranks of its picket lines last week. Violence erupted, and the toll of cracked heads mounted. Inside production halted on the only picture slated for the cameras—"The Verdict."

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Because-

The railroads of this country have the equipment, the facilities, the **KNOW HOW**, and the determination to move America's hundreds of millions of tons of bituminous coal — quickly, when and where it is needed to speed the nation's war effort, and to keep the wheels of industry turning at top speed during times of Peace.

The Norfolk and Western Railway takes pride in the fact that it moves nearly one-tenth of all of the bituminous coal produced in America. Last year, this railroad hauled approximately 53 million tons of bituminous coal (107 percent more than in 1918), most of which came from mines on its lines in southern West Virginia, southwest Virginia and eastern Kentucky.

The N. & W. can do this job because it has spent many millions of dollars on a continuing program to provide and maintain the most modern coal carrying

facilities and equipment — yards and terminals with a combined capacity of 43,490 cars, a fleet of fast, powerful coal burning locomotives; nearly 50,000 coal cars of various types; extensive ocean coal pier facilities; modern automatic track scales that are carefully and regularly checked and double checked, and so on and so on.

But the part played by the railroad in the coal industry goes far beyond transportation. For instance, in the large coal consuming centers, the railway maintains Coal Bureaus, manned by fuel experts, who work with and cooperate with coal dealers and consumers.

Keeping vital bituminous coal moving to the industries and homes of America — in times of war and in times of Peace — is the privilege and the every day business of the Norfolk and Western and its Family of loyal employees. The vital job is being done!

Norfolk and Western RAILWAY

CARRIER OF FUEL SATISFACTION



for the automotive "Big Three" which employ 550,000. Votes now are set for General Motors on Oct. 24, Chrysler Oct. 25, and Ford Nov. 7. U.A.W. is asking 30% more pay from each; none of the major producers has shown any sign of agreeing to anywhere near that much. Federal conciliators entered contract negotiations at midweek, hoping to avert possible strikes—and the costly NLRB strike votes.

Meanwhile, across in Canada operations at Ford Motor Co. of Canada plants still were strikebound by 10,000 U.A.W. members.

Transportation—A strike of 2,700 A.F.L. bus drivers and station employees of the Pacific Greyhound Lines in seven northwestern states continued to cripple commuter transportation, jam railroads.

A threatened strike of Railway Express Agency, Inc., workers, members of the A.F.L. Teamsters, was called off—for 30 days at least—when President Truman named an investigating board to consider wage demands for New York City and seven other key shipping

centers. The President acted under the Railway Labor Act.

The Toledo, Peoria & Western short-haul freight line remained strikebound, and in the background concerted demands by Brotherhoods and A.F.L. railroad unions for shorter work-weeks with no pay reduction were building up into a new nationwide labor crisis.

Trouble also was brewing in the war-boomed airlines. U.A.W., which recently gained control over airline mechanics and maintenance workers, announced that 600 employees of American Export Airlines had voted to strike, and that 2,500 ground crew employees of American Airlines were taking a strike vote. Outcome of a conference among U.A.W. union officials from 14 major airlines, the strike moves left little doubt that U.A.W. is prepared to go the limit to enforce contract demands (a 10% pay rise is a minor issue) now being made throughout the air transportation industry.

Communications—Backed up by strong rank-and-file response to a call for a four-hour strike, the National Fed-

eration of Telephone Workers (NFWA) has (1) asked NLRB for a review of an order that a federation affiliate should be disestablished as a company-dominated union at Western Electric Kearny (N. J.) plant, and (2) declared its intention of voting a nationwide strike if NLRB refuses. The demonstration last week effectively tied up long-distance telephone lines and other American Telephone & Telegraph Co. cross-country circuits, encouraged some union leaders to call for a 30% pay boost.

Manufacturing—A walkout of 8,000 C.I.O. steelworkers at the American Locomotive Co. was settled quickly when labor and management ironed out their differences.

Another major settlement sent 14,000 C.I.O. electrical workers back into the plants of the Frigidaire division of General Motors. Agreement was reached on the mechanics for handling an accumulation of grievances, including a dispute over the discharge of four union leaders. It was a shaky truce, however, at the same meeting that strikers voted to resume work, another poll called for a strike—if necessary—to force a \$4-a-day pay increase.

Farm equipment—C.I.O. farm equipment workers have asked for NLRB Connally-Smith strike votes at Cleveland International Harvester Co. plant employing 30,000, to enforce a demand for a master contract covering all plants and a 30% wage boost. A vote also has been asked at Caterpillar Tractor whose 16,000 employees are in the C.I.O. union's largest local. There, too, the 30% raise is the principal issue.

Shipbuilding—A.F.L. machinists have chosen the San Francisco bay area as testing ground for a 30% pay raise demand on employers. A strike "on or before Oct. 29" is threatened for A.F.L. shipyards and machine shops. Employers, members of a metal trades association, have offered 10% more pay.

Textiles—Strikes involving 46,000 C.I.O. workers were settled in six eastern states, and agreements reached with New Bedford and Fall River (Mass.) textile companies contributed to a brighter general picture for the northern segment of the industry. Strife rumblings continued in the South where the C.I.O. union claims 60,000 members.

Steel—Contract negotiations between the C.I.O. Steelworkers and five steel producing subsidiaries of U. S. Steel got under way in Pittsburgh, with the union demanding a \$2-a-day wage increase. What made the steel situation different was the fact that Philip Murray's union entered negotiations without first announcing plans for a strike vote.

Operators Wary of Lewis Peace Memo

The country will be lucky to get out of the soft coal strikes without losing more than ten or twelve million tons of badly needed production. Steel was feeling the pinch this week. Some fuel gas plants in the East had to call for help even earlier. The export program of 6,000,000 tons has suffered and it may be impossible to make up the deficit.

• **Harmless Looking**—John L. Lewis appeared ready to order his men back to work at midweek if the operators would merely sign a harmless looking three-point memorandum. The operators decided the document was not as innocuous as Lewis insisted it was.

The three points provided merely that all employees would return to work, that no fines or other penalties would be imposed, and that the parties would enter into negotiations to resolve the issue of representation for supervisory employees. The negotiations would continue until an agreement was reached or until the respective parties agreed to their termination. If the negotiations failed to resolve the issues, the dispute then would revert "to the status occupied antedating this instrument."

But it was the memorandum's title that made the operators bridle. It was not only a three-point agreement, but a three-way agreement. The United Clerical, Technical & Su-

pervisory Employees were specifically made a party to the memorandum along with the United Mine Workers and the operators. The supervisory employees' organization, chartered by U.M.W.'s catchall District 50, is not a separate organization. Its "autonomy" is a myth.

• **Operators' Proposal**—The operators viewed the memorandum as an instrument prejudicing their case in opposition to unionization of their managerial personnel. It might be interpreted as recognition of the foremen's organization. They proposed a fourth point, or addendum, to the memorandum, as follows:

"It is agreed by the execution of this memorandum and the discussions which subsequently take place that the parties hereto are not waiving the respective positions heretofore taken by such parties except as such positions may be modified in the negotiations."

• **Lewis Says No**—Lewis ruled out all addenda as unnecessary verbiage and lost no time in telling the public that he was ready to call off the strike if the operators would negotiate.

Secretary of Labor Lewis Schwel-lenbach, in whose office the parties were meeting, persisted in hoping a compromise could be found that would enable the mines to resume full production by next week.

21 Minimum

New York State sets new wage standard for retail-trade employees; survey shows 60% workers get less than 50¢ an hour.

Extension of New York State minimum wage laws to cover 430,000 men and minors employed in retail trade last week set a new pace in a national campaign for state minimum wage standards, and advanced Gov. Thomas E. Dewey's broad labor program for New York by another step. While 16 other states have minimum wage laws applicable to retail workers, New York base of \$21 a week becomes the most liberal so far provided. **Affects Men Indirectly**—The order will result in quick wage increases for retail employees now receiving less than minimum. This inevitably will mean more money for an estimated 40% of retail workers now receiving more than a week. While the order does not include men, they are affected since they cannot be paid less than legal minimums for women under New York laws.

Next steps in the New York program for similar minimum wage standards for laundry, beauty, confectionery, cleaning and dyeing, restaurant, and hotel trades—all excluded from the present federal 40¢-an-hour minimum as well as from the 65¢ minimum which Congress is being asked to adopt (BW-10,645,p102). In all, 1,000,000 workers are included in the Dewey substandard program. Many now get only 20¢ to 37¢ an hour.

Low Wages Revealed—Also in the making are service trades minimums for women and minors in New Jersey, to replace current regional minimums ranging from 26¢ to 30¢ an hour. Trite boards have been set up to recommend sweeping revisions.

The New York program was pressed when investigations by Industrial Commissioner Edward Corsi showed that 60% of the employees in 18,180 stores were getting less than 40¢ an hour—many only \$10 to \$14 a week—that 60% were receiving less than \$1 an hour. Last year the N. Y. Dept. of Labor set the cost of a decent standard of living for women in the state at \$1.61 a week.

Labor groups fought for a minimum wage which would bring earnings at least up to this amount. Employers, particularly in the variety or dime store classification, objected to any rise.

Compromise Agreement—However, a wage board struck a medium:



Mr. Cruisemere's Chronology

Mr. Cruisemere was one of the firm's old accountants, and a good one. Once when the accounting department had to work nights at the end of every month, Mr. Cruisemere devised a large clock face showing ninety-six hours, which he said the department needed the last day of the month.

The Big Brass pointed out that a ninety-six hour clock wouldn't make a ninety-six hour day. Mr. Cruisemere said that finding the extra time wasn't his job, but the management's.

His little dig started people upstairs thinking—and eventually somebody thought of McBee. And now, with little overtime, the accounting department closes the books at the month-end.

McBee's business is making the facts of a business available faster... with the right methods and a minimum of records currently maintained without delay in transmission, for the quickest and most comprehensive service.

For production and stock control; payroll compilation, cost and material distribution; personnel, sales analysis and research—McBee methods and products save time, expense and worry... do not involve elaborate mechanical installations—or special training of staff... have served thousands of firms successfully. And all our experience is at your disposal... Call any McBee office for consultation.



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Canadian progress has been so swift, and development so varied, that the potentialities of Canada as a market may not be fully recognized even by those now doing business with that country.

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THE CANADIAN BANK OF COMMERCE

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Over 500 Branches Across Canada

Employees will receive \$21 (52½¢ an hour) if they work more than 30 hours a week and up to and including 40 hours a week, or 57½¢ an hour for 30 hours or less worked during a week. Part-time workers must be paid for not less than four hours at the 57½¢ rate for every day they work.

Overtime is to be paid at a rate of 79¢ an hour for hours over 40 worked in any week in towns with more than 10,000 population, or for hours worked in excess of 44 a week in communities with less than 10,000. The concession to small-town retailers was made in recognition of "differences in living costs."

Under the New York order, commission and piece-work employees must not be paid less than the \$21 weekly minimum, and whatever additional emoluments there are from tips are not to be counted as wages.

• **Merchants Plan Fight**—Commissioner Corsi's order has the status of a directive for three months, during which the effect of the minimum on small-town stores will be observed. At the same time, the department will check on operation of the higher rate set for part-time, or under 30-hour, workers, an experiment in stabilizing employment on a 40-hour-week basis. At the end of three months' trial period, the directive may be made mandatory, at which time it will be backed by \$50 to \$200 fines and possible jail terms as penalties for infringement.

Prior to that time, moves for alteration of the state program will be inaugurated by the New York State Council of Retail Merchants, which argues that the minimum—which would cost merchants \$6,000,000 annually—is not equitable because it fails to differentiate between experienced and inexperienced or trainee help, and that it does not distinguish between types of jobs such as clerical, stock room, and office work.

I.L.G.W.U. ADDS BUILDING

Expansion of the International Ladies' Garment Workers Union (A.F.L.) health-care program for 160,000 members in the New York City area (BW—Sep.22'45,p107) will be facilitated by the union's purchase of a 26-story Manhattan commercial building. Acquired from Metropolitan Life Insurance Co., the building—assessed at \$2,750,000—has 461,423 sq. ft. of floor space which will make possible the trebling of I.L.G.W.U. medical facilities now confined to two upper floors.

Pension Warning

Internal Revenue Bureau rules that employers can't drop plan unless business necessity requirement is met.

Employers who adopted employer pension plans during the war (BW Apr.22'44,p55) have been warned by the Bureau of Internal Revenue that neither declining earnings nor changes in the federal tax laws will be accepted as reasons for discontinuing programs.

• **"Necessity" Is Test**—In a recent order to its field offices, the bureau said that permission to abandon established pension plans will be given only if companies can prove "business necessity"—unforeseen developments in business which make it impossible to continue payments to pension funds. The mere fact that management may have been over-optimistic in estimating future earnings, and consequently find its profits limited by pension costs, will not be sufficient proof of "necessity" of discontinuing pension plans.

Penalty for discontinuing a pension plan without the sanction of the Bureau of Internal Revenue can be costly, since under the Internal Revenue Code a company which discontinues a pension plan without authorization is liable for payment of back taxes on all pension contributions charged against earnings.

• **Morale Builder**—Many employers adopted pension plans, along with pa-



insurance (BW-Sep.22'45,p107), and similar "fringe" concessions, to bolster employee morale during the wartime freeze on wages and salaries. In many instances this could be done with little cost as earnings soared into the excess-profits tax brackets, for under the Internal Revenue Code up to 85% of employer contributions for a "permanent" pension program could be charged against earnings.

The extent to which this was done can be judged by Bureau of Internal Revenue reports that prior to the war only 20% of all pension plans adopted were financed entirely by the employer, while in the war years, when applications soared, fully 80% were entirely management-financed.

On Permanent Basis—While the lid was being held on wages as such, stabilization officials ruled that employer-financed pension programs were permissible as long as they could qualify under the Internal Revenue Code as permanent. By March of this year, 585 applications had been acted on under the code, and fewer than 100 had been turned down. Nearly a thousand applications were awaiting their turn for scrutiny.

War-end cutbacks in orders caused some employers to wonder if, in short-sighted enthusiasm, they had committed themselves to larger outlays than they will be able to afford when profits are curtailed.

Bureau Gives Ruling—Result was a flood of cautious inquiries to the Bureau of Internal Revenue.

C. B. Allen, acting deputy commissioner of the bureau, ruled that while employers may reserve the right to change or terminate plans, and to discontinue contributions, "if the plan is abandoned for any cause other than business necessity within a few years after it has taken effect, this will be evidence that the plan from its inception was not a bona fide program for the exclusive benefit of employees."

TOMMY RAY MUST PAY

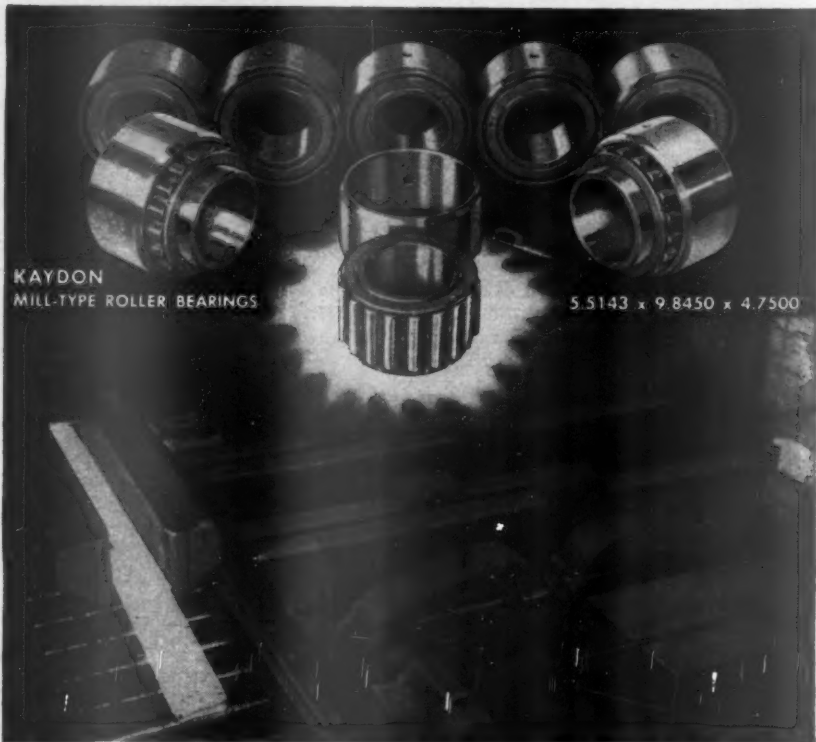
If Tommy Ray, the ousted business agent and financial secretary of the Portland boilermakers' local, thought his cup of bitterness was full, the Oregon Supreme Court corrected him last week.

The court, sustaining a lower tribunal, decreed that Ray must fork over the \$10,000 voted to him in the waning days of his regime by the governing board of Local 72 (BW-Jul.22'44,p98).

Ray, now personnel director for Alameda Engine & Machine Works, a Portland shipyard, was removed from office by his international union in November, 1943, after an internal row.

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FOR ALL TYPES OF BALL AND ROLLER BEARINGS
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It takes mighty rugged high-precision bearings to stand up under the terrific heat and heavy loads of white-hot steel billets passing over the ram guide rollers of a rack-type manipulator in a 44" Bloom Mill, as shown here. Big, husky KAYDON W-228 Mill Type Roller Bearings (see dimensions above) ... engineered for load capacity of 137,000 lbs. at 100 RPM ... are performing successfully, under extremely high temperatures, with the rams traveling 1700 feet every hour of the day.

That is typical of the many tough jobs KAYDON Bearings are "taking in stride". KAYDON, specializing in engineering and production of all types and sizes of ball and roller bearings from 4" bore to 120" O.D., also offers complete facilities for atmospheric controlled heat treating, flame hardening, precision heat treating, salt-bath and sub-zero conditioning and treatment, microscopy, physical testing, and metallurgical laboratory services.

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New in Name • Old in Experience

THE LABOR ANGLE

Casualty

Time may prove that the greatest casualty in this postwar phase of labor trouble is collective bargaining. If that is so, Secretary of Labor Lewis B. Schwellenbach must shoulder the heavy responsibility.

Schwellenbach made a bad joke of collective bargaining with his proposal for ending the oil strike (BW-Oct. 6 '45, p15). Negotiations between the oil companies and the C.I.O. had developed an employer offer of a 15% wage increase. The C.I.O. demanded 30%. Schwellenbach tried to insist that the difference between 15% and 30%, rather than the difference between the prevailing wage scale and 30%, be submitted to arbitration.

With the chief government figure in the labor field advancing this novel proposition, and subsequently defending it as policy ("I don't see why the area of agreement should go to arbitration"), every employer has a powerful incentive to stand pat in negotiations and refuse to make a counteroffer to union demands. General Motors, learning fast, immediately rejected C.I.O.'s 30% wage demand without making a counterproposal. Persistence in such a position would end all semblance of bargaining.

It has been noted here before (BW-Sep. 8 '45, p98) that the employer who makes an offer to increase wages may be inviting trouble. It became clear last week in the oil strike just how much trouble he was inviting. The government's high hope that orderly processes of collective bargaining would fill the vacuum in union-management relations created by the withdrawal of wartime controls is now very forlorn. And the reason is the government's own incredible ineptitude.

Proof

The labor trouble in the telephone industry is not generally understood for what it actually is. It's a jurisdictional dispute, certainly the most dramatic if not the biggest the nation has ever seen.

The independent union responsible for last week's four-hour strike demonstration and now preparing for a nationwide strike poll under

the Connally-Smith act, is fighting for its life against C.I.O.'s United Electrical, Radio & Machine Workers. The C.I.O. will get a substantial foothold in this independently unionized industry if a trial examiner's report to the National Labor Relations Board is upheld. It alleges that the independent unit at the Western Electric plant in Kearny, N. J., is company-dominated and should be disestablished.

The brief strike last week and the threat of a more serious one in the near future are parts of a program designed to prove that the National Federation of Telephone Workers is far from being company-dominated.

Pessimism

Pessimists, who have expected nothing but some pious generalities to come out of the big Labor-Management Conference on Nov. 5, now say they don't even count on that. Their change of mind results from John L. Lewis' acceptance of an invitation to attend. Lewis would be distinctly out of character in going along quietly with a glittering piece of meaninglessness. (He never let his union take the wartime no-strike pledge because he thought it a fraud.)

Add to the complicating factor created by his stand on such matters the fact that Lewis, on Nov. 5, will be in the same room with Philip Murray for the first time in years. He has a lot on his chest—and on his spleen—that he would like to unload on his former friend since, to his mind, turned apostate.

Exit

One of the many repercussions from the earthquake that scattered top executive personnel in the Ford empire (BW-Oct. 6 '45, p18) is the return to Yale's faculty of Dr. Harry Shulman. Shulman has been impartial umpire under the contract between Ford and the C.I.O. since 1943, and he is considered one of the best in that line. By virtue of his position, he had to maintain close liaison with the union leadership and with the No. 2 man in the company, Harry Bennett, whose province was labor affairs. Exit Bennett, exit Shulman.

Builders Agree

New York City construction pact with A.F.L. unions raises wages 15%, bans strikes, sets up machinery to settle disputes

New York City's first master agreement between the Building Trades Employers Assn. and the Building & Construction Trades Council, made up of 150 A.F.L. locals with a membership exceeding 200,000, was being voted on this week by unions and management. Negotiations followed the pattern of nationwide agreement last spring by the Associated General Contractors of America and the A.F.L. (BW-May '45, p108).

• **Ban on Strikes**—The New York agreement puts to practical use the precedent setting national formula. For the term of a five-year contract—timed to close through an expected construction boom period—strikes and lockouts are banned and machinery is set up for speedy settlement of employer-employee differences without the necessity for state or federal intervention.

The new contract provides for a 15% increase in wages, but leaves the way open for further increases later. Basically, New York's building trades pay scales now are at the same levels which were in effect Jan. 1, 1941, and the increase granted merely brings wages of bricklayers, plumbers, electricians, engineers, and plasterers (all \$2 an hour) and carpenters (\$1.85 an hour) up to the amount allowable under the almost defunct Little Steel wage stabilization formula. In the case of painters, however, the increase is on top of the wartime boosts in pay, from \$1.65 an hour to \$1.84 an hour.

• **Uniform Hours Sought**—The solution of the problem of achieving uniform work schedules for the various construction trades unions—under study for 18 months—was more difficult. Some of the unions, such as the plasterers, plumbers, and electricians, have been on six-hour schedules; carpenters and bricklayers have had contracts calling for seven-hour work days, and structural iron workers, lathers, shorers, and other unions have worked under eight-hour contracts. Employers have been firm advocates of uniformity, to aid in planning and coordinating work programs.

The result is a compromise seven-hour day proposal, still subject to ratification by the unions concerned.

• **Example of Rising Costs**—What new contract such as that under study for the building trades can mean in terms of construction costs already has been

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"Saving the surface" requires VALVES



People move away and the mold moves in. Under the ceaseless probings of the sun and the rain and the wind, the paint goes and the mold stirs into action. Then in a little while there is only the cry of bats and the smell of desolation.

The first principle of good maintenance is "save the surface." And saving the surface requires valves and piping. We at Crane have worked with generations of paint chemists... watched their unending search for ways to increase both protection and decorative magic in paint—and helped them plan the necessary pipe lines to turn laboratory discoveries into production realities.

Piping, of course, plays an important part in the production of paint, varnishes and lacquers—but piping is also essential in the manufacture of almost any product you could mention. For anywhere that water, oil, steam or gas is used—anywhere that flow must be controlled—there is a basic need for piping.

Because of this basic need, you will find Crane a familiar name to all industry. Plant owners, superintendents, engineers and production men in every industry know that Crane, the world's largest manufacturer of valves and fittings, offers every item necessary for their piping needs.

CRANE CO., 836 S. Michigan Avenue, Chicago 5, Ill.

The production of surface coating resins is a problem in flow control. Combining common oils with chemicals, synthesizing resins in these oils, mixing the oils with pigments, and finally filling cans and barrels with the finished product, mean piping. For every step in this process—for every step in every other process where flow control is required—Crane can supply the valves, fittings and pipe for the job.

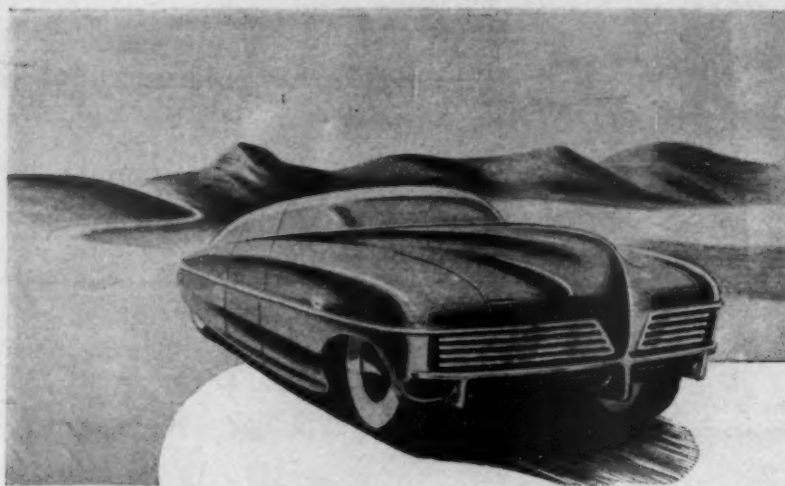


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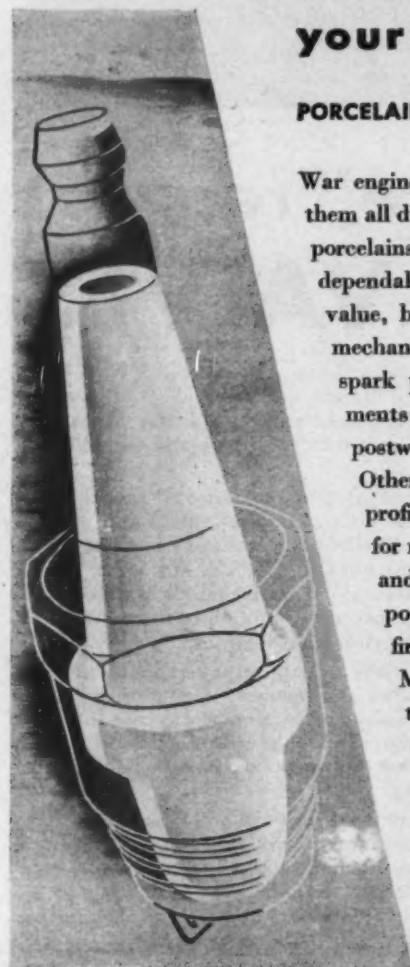
The spark plug for your postwar car!

PORCELAIN—100% ALORCO ALUMINA

War engines from airplanes to jeeps used them all during the war—spark plugs with porcelains made of Alorco Alumina. More dependable because of higher insulating value, better resistance to extremes of mechanical and thermal shock, these spark plugs are one of the improvements you may expect to find in your postwar car.

Other postwar products also may profit by the use of Alorco Aluminas for making superior refractory parts and products of many kinds—porcelains, electrical insulators, firebricks and the like.

Manufacturers interested in determining the facts may have samples for trial. **ALUMINUM ORE COMPANY, Subsidiary of ALUMINUM COMPANY OF AMERICA, 1935 Gulf Building, Pittsburgh 19, Pennsylvania.**



ALUMINUM ORE COMPANY



Aluminas and Fluorides

demonstrated. Bids on the uncompleted portion of a New York dam project recently were 70% more than in 1939 (BW-Oct.6'45,p102). At least half of the difference was attributed to higher labor costs.

Union Seeks FM

Unity Broadcasting Corp., I.L.G.W.U. subsidiary, asks FCC approval for radio stations in New York, three other cities.

The plans of organized labor to enter commercial FM (frequency modulation) broadcasting were expanded this week with the filing of applications for stations in New York, Philadelphia, Boston, and Chattanooga by Unity Broadcasting Corp., subsidiary of the International Ladies Garment Workers Union (A.F.L.).

Eight applications for commercial FM stations previously have been filed by unions (BW-Dec.9'44,p102). Others are expected.

• **To Borrow From Union**—Frederick Umhey, I.L.G.W.U. executive secretary, said that the union has put up \$100,000 for each of the stations in New York, Boston, and Philadelphia and \$50,000 for Chattanooga. An additional \$50,000 for operating expenses will be borrowed without interest by Unity Broadcasting Corp. for each of the four stations from the international union.

The I.L.G.W.U. official disclosed that up to 51% of the stock of each station may be sold to the local garment workers union "or to other labor unions." Under regulations of the Federal Communications Commission no licensee may own controlling interest in more than six FM stations and not more than one in a single service area.

• **Allocation Plan Criticized**—With various branches of the A.F.L. reportedly interested in FM, the possibility appeared that by holding a minority interest in each station, the I.L.G.W.U. could expand its operations and still stay within FCC regulations.

Meanwhile the garment workers plan to attack the FM allocation plan by which five of the 20 frequencies assigned to New York City have been earmarked for present FM operators.

• **Limitation Urged**—The National Citizens Political Action Committee, which cooperates with C.I.O. politically and otherwise, has already urged the commission to "grant no more than one-quarter of available FM channels to licensees of existing standard broadcasting stations and to newspapers."

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK
OCTOBER 13, 1945



A new firmness is developing in this country's foreign policy which will be evident in future relations with both Britain and the Soviet Union.

British negotiators carrying on the current financial talks in Washington admit that the U. S. is dictating stiff terms in the pact now evolving.

(1) Washington has refused flatly to arrange any credit until the £3,500,000,000 (\$14,000,000,000) owed by Britain to members of the sterling bloc is written down to reasonably amortizable levels, and funded.

(2) Credits ultimately provided will not be in the form of one lump amount, but will be issued as the need for dollars arises—in a kind of miniature Bretton Woods scheme but financed by the U. S. (BW—Sep. 29 '45, p15).

(3) Parts of the credit may be issued direct to units of the Empire, but according to an integrated plan.

(4) Issuance of dollars will be keyed to a patterned loosening of the Empire trade preference pacts according to some schedule, possibly geared to mounting British export trade, and will be stopped whenever Britain fails to pursue a prearranged plan for liberalizing world trade.

Unexpected developments are likely to be revealed when the terms of the pact are announced—probably around the end of the month.

Washington, for instance, may persuade London to buy or charter at very low rates 800 to 1,000 American-built Liberty ships for operation in the tramp trades, instead of waiting to build at home a fleet that would be more expensive but admittedly more economical to operate.

Thus, the British would be quickly helped back into a line of business in which they could begin earning repayment on their loan.

This country's attitude toward Russia can be expected to stiffen sharply in forthcoming negotiations, though it may not become noticeably effective until they reach the economic stage.

Washington is openly irritated by Moscow's persistent refusal to allow more than rigidly limited numbers of diplomatic and press representatives either in the Soviet Union or in such controversial areas outside Russia as Poland, Rumania, and Yugoslavia.

The public is demanding that stories of the wholesale looting of United Nations Relief & Rehabilitation Administration supplies in Soviet-dominated territory be authoritatively corroborated or refuted.

Congress is becoming increasingly opposed to the whole question of potential credits for Russia unless Moscow is willing to conform to stipulations now taking shape.

Spectacular developments can be expected in the next few months if this demand for a firm new foreign policy continues.

Russia is in the market for an American credit and for vast quantities of equipment beyond the supplies still being stripped from Germany and eastern Europe.

Before this demand becomes acute—probably next spring—the Russians can expect Washington to have framed a set of conditions likely to include:

(1) Opening of Russia and Russian-dominated territory to U. S. visitors, specifically including the press.

(2) Withdrawal of Soviet troops from all territory from which Moscow

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
OCTOBER 13, 1945

agreed to withdraw them following the cessation of hostilities plus a limited period during which order was being restored.

(3) **Reduction of Soviet arms production**, said still to be 40% of all factory output in Russia.

(4) **Implementation of any credit on a piecemeal basis**—with each new portion contingent on Russia's living up to the over-all terms of the deal.

You can expect the U. S. to refuse any proposals to lend to satellite countries through Moscow, just as Washington is telling London now that it will provide Empire credits direct rather than through London.

Also, Washington will resist current Russian maneuvering to buy foreign equipment through third countries, as is reputedly being attempted now through Hungary.

Budapest officials have apparently been told by Moscow that some of their factories will be spared from reparations stripping if the Hungarians will acquire abroad new equipment bought to Moscow's specifications, and they are canvassing Switzerland now for special machinery.

Don't miss the significance of the fact that in demanding of London the right to lend directly to units of the Empire where necessary, **Washington is setting a useful precedent for dealing with Russia's satellite countries.**

In the pending U. S.-British agreement (which will cover the whole field of financial and trade problems), the U. S. can be expected to make no basic commitments which cannot be applied also to any future trade arrangement negotiated with Russia or with any other country.

Meanwhile, all of the major powers are pushing development plans at home and in the export field.

Durban, **South Africa**, has just placed an order in England for 52 trolley buses, to cost approximately \$800,000.

Oscar Kohorn & Co., New York, which recently captured a large order for Brazilian textile equipment, is completing a survey of the **Indian market** where officials plan a large local industry to replace huge prewar imports which came largely from Japan.

In **Mexico**, negotiations for the sale of the standard gage Mexico City-Veracruz railroad have been revived with a U. S. syndicate reportedly topping the Mexican government offer but still bidding well below the asking price.

In **Brazil**, Metropolitan Vickers, London, has signed a contract with the Central Railway for the construction of 30 three-coach trains for use on the newly electrified section of the railroad. Cost tops \$4,000,000.

More details of Russia's first postwar Five-Year Plan are beginning to leak out (BW—Oct. 6 '45, p113).

Gosplan officials declare that all key Soviet cities are to be supplied with modern motor buses, comparable in size and similar in style to those in the U. S. Apparently, however, designs for the buses have not yet been drawn, and the Russians hope to buy abroad the blueprints and factory equipment necessary to produce them in Russia.

Also, Moscow revealed this week that a Soviet-designed, two-passenger, all-metal, bimotor helicopter will be readied for production at the earliest possible date.

BUSINESS ABROAD

Guatemala Gets a Blueprint

Inter-American Development Commission's mission completes study of currency reorganization, industrialization, and commerce, and prepares report on steps to modernize country's economy.

GUATEMALA CITY—An American mission has just completed an extensive survey of Guatemala preliminary to recommending means of modernizing that country's economy.

In a novel tactic, the year-old revolutionary government of Juan Jose Arevalo, as a political safeguard and an earnest of its good intentions, has called on U. S. technology to solve some of the country's problems.

Youth in the Saddle—This week Arevalo was holding his own, having abrogated constitutional guarantees and killed 60 persons, including some former army colonels. His government, installed after bloody battles (1,800 dead) in October, 1944, is comprised partly of students. With eight of its nine ministers less than 40 years of age, Arevalo's regime probably has the youngest administrative executives in the world. Arevalo is a mild-tempered citizen who holds high hopes of putting the untidy Guatemalan house in order. To facilitate the program, the Guatemalan delegation to the San Francisco security conference asked Nelson Rockefeller for U. S. cooperation on economic and financial problems. As a result, the Inter-American Development Commission in Washington sent a mission south in August. It was headed by Leon Henderson, former OPA chief and main-spring of the monopoly investigation of 1938-39.

Reserve Board Helps—The mission included Robert Triffin of the Federal Reserve Board and his assistant, David Groves; Dr. Thomas Corcoran of the Inter-American Statistical Institute; Nestor Keith Ovalle, an old hand in Central America and an industrial engineer; and J. Stanton Robbins, head of the New Orleans International House.

The group has returned to the United States but has not yet reported to Dr. Ricardo Oreamuno, chief of the commission.

Currency—The Federal Reserve team has assigned the job of advising Arevalo on currency reorganization and on the setting up of a central bank of issue, to be called the Banco Nacional de Reserva, which will replace the semiprivate Banco Central de Guatemala—in which

the government has only a 50% participation.

Corcoran worked with the Direccion de Estadistica on the establishment of a modern statistical office (International Business Machines' Hollerith equipment has been ordered for delivery next March).

Orvalle was assigned the job of studying small-industry potentials.

• **Inflation**—With inflation looping upward, Leon Henderson's job was to recommend methods of halting the spiral by introducing workable rent and price controls.

As a means of improving its exchange position, the government is interested in promoting tourist traffic as a source of dollars. The country has beautiful scenery and native art and handicraft to sell, and the airlines have announced plans to bring 100 to 200 tourists to Central America daily. (Traditionally, Guatemala is a way-stop, on South

American airlines, except during revolutions.) However, there are fewer than a dozen first-class but small hotels, so tourist inns are planned.

• **Agriculture**—With a population of less than 2,250,000 (1940), of which 60% are Indian and another 30% part-Indian, Guatemala is predominantly a banana and coffee country. The banana trade is dominated by the United Fruit Co., through its subsidiary Cia. Agricola de Guatemala. Coffee plantations are in the hands of the finqueros (large landholders), many of them foreigners.

Apart from these chief products, corn, rice, beans, and sugar cane production is usually sufficient for domestic needs. Chicle and tropical hardwoods are fairly important export items, while on occasion sugar, honey, salt, spices, skins (and ex-presidents) are shipped abroad.

Some refrigerated meats and fresh vegetables have been shipped to U. S. Army forces in the Canal Zone, but the U. S. base at San Jose—near pineapple plantations—got Hawaiian pineapples canned in the U. S. and shipped via Panama.

• **Land Reforms**—The country is ripe for land reforms, and first steps toward a change were taken last year after the fall of President Ubico. Restrictions on sugar cultivation, imposed by Ubico to keep labor available for the coffee and banana growers, have been removed.

The price of land is astronomically high, due chiefly to the fact that land purchase usually involves buying the



TO PROMOTE SOVIET EFFERVESCENCE

Evidence that not only the heavy industries are being revived in Soviet Russia (BW—Aug. 11 '45, p113) is the lineup of champagne bottles once more rolling out of a Rostov winery. Russian champagne, of good quality, is produced chiefly for home consumption, is popular in Moscow's night clubs.

Indians living on it. They work when needed as part of the real estate bargain. (The finqueros succeeded in blocking an attempt by Arevalo to repeal the Ubico "vagabondage" law, which compels Indians to work 150 days a year on the land they occupy, or go to jail. This prevents competition for workers between landowners in a nation perennially short of labor.)

• **Cooperatives**—The wartime confiscation of German-owned coffee farms has put about one-third of the total acreage devoted to coffee in government hands. These farms were about to be turned over to the finqueros, but congress, largely due to the energetic efforts of its president, Jorge Garcia Granados, now ambassador at Washington, defeated the move. At the last minute, alienation of the land was prohibited, and its rental to individuals, co-ops, or joint-stock companies authorized.

The government is studying a law designed to encourage consumer and industrial cooperatives and has set up a department of co-ops in the credit bank (Credito Hipotecario Nacional). Large land holdings which were given away to Ubico's favorites have been restored to public ownership.

• **Industries**—Guatemala has practically no mining industry, although some deposits of lead and mercury (exploited by primitive methods) and sulphur are known. There is oil in jungles, and Standard Oil has a concession in the northeast.

Industry is in its infancy. Local needs for cotton and woolen fabrics exceed the capacity of the small mills. A cement plant, however, produces enough to permit export to nearby countries. Local requirements for beer and tobacco are met by domestic producers.

A new industry is a tire factory, of which Guatemalans are very proud. It produces six tires a day and sundry other rubber items, such as heels and shoe soles. The shoe plants meet local needs, since requirements are small because nearly all Guatemalans go barefoot. But glass and paper plants supply only a part of the country's needs.

• **Foreign Trade**—There are no reliable figures on Guatemalan imports and exports, except for a few selected items, but there is a marked tendency to import more and more foodstuffs from abroad. This is interfering with the country's ability to buy items needed in its economic development. Last year \$798,000 worth of wheat came from the U. S., along with cotton valued at \$400,000, \$70,000 worth of lard, and milk products valued at \$48,500. It is generally conceded that, with a little planning, many of these needs could be supplied at home.

Cattle and cotton are imported whole-

sale from Salvador. Between 1940 and 1944, cattle imports rose from 12,121 to 21,304 head, valued at \$51,254 and \$218,156 respectively. In 1943, imports totaled 28,744 head, valued at \$292,000. Nevertheless, the favorable trade balance for the past three years averaged above \$4,000,000.

• **Utilities**—There are two large power plants, Empresa Guatemalteca de Electricidad, S. A., owned by American interests (American & Foreign Power Co.), and the government-owned Hidro-Elctrica del Estado. Empresa was a Ubico favorite, and is now under investigation because of an alleged illegal gift in 1938 of \$500,000 in tax cancellations.



ALL-AMERICAN

A native of Brazil and educated at the University of Iowa, Dr. J. Silvado Bueno brings an international viewpoint to his new post as foreign trade adviser to Pan American Union in Washington. In his own country, he was public relations director of Electric Bond & Share Co. and executive secretary of the Brazilian Inter-American Development Commission. Since 1944 he has been staff economist of I.A.D.C. parent body in the U.S.

The company was first set up by Germans and was seized after the World War by the government. The present administration claims that sale of Empresa to Americans was at a ridiculously low price, partly in an effort to earn U. S. favor and recognition for the Orellano regime, then in power.

Generally speaking, a small group of bankers, businessmen, and landowners control the country's economy. With the elimination of German interests, British businessmen dominate, except in the U. S.-controlled banana trade. The only foreign bank branch is the

Bank of London & South America.

• **Transportation**—The country's chief transportation facility is the International Railroads of Central America, a narrow-gauge line owned by U. S. interests (chiefly United Fruit Co.). According to the original concession, the line was to revert to government control in 1929, but during his tenure President Chacon gave the company a 99-year lease. The railroad is now being sued for nonpayment of certain taxes.

• **Finances**—The country's finances are regarded as sound. There is practically no foreign debt. A few days before he left office, Ubico decided to pay the \$8,000,000 debt owed to Britain since 1825, and \$3,000,000 was actually transferred. Obligation to pay the balance is being questioned by the present government. Also, as a gesture, Ubico bought \$2,000,000 in U. S. war bonds. The unit of currency, the quetzal, is pegged to the dollar and equal in value.

The new government has introduced a modest income tax and increased some excise levies. Except for small business taxes there were none under Ubico.

• **Living Costs**—During the past year the cost of living is estimated, in the absence of exact data, to have risen 75%.

A cake of Palmolive soap costs 30¢ or 35¢. Inferior domestic soap costs 20¢, a clue to the sharp markup on imports. Since statistics on prices, production, imports and exports, and federal income have frequently been manipulated by political bosses, a thoroughgoing revision of records, and setting up of a rational collecting system, are a prime necessity to pave the way for future government planning.

• **Social Reforms**—The new government has made considerable progress, on paper, in its first year in power. It has introduced numerous safeguards against misuse of political power, new electoral laws, and judicial reforms. A guarantee of the right of association was enacted, with the result that trade unions claiming 150,000 members have organized into a national confederation linked with the Latin-American federation headed by Mexico's leftist, Lombardo Toledano.

• **Rumblings**—During the first six months or so of the revolution, Guatemalans were excited by their new freedom. Now there are signs of trouble. Living costs have continued to rise, and there are underground factional rivalries within the government, centering around the Minister of Finance, powerful and ambitious Jorge Toriello.

It is generally conceded that if Toriello makes a bid for the presidency he has a good chance of receiving army support, the critical factor now that it is well equipped with lend-lease tanks and artillery.

Wired for Less "Spilt Milk"



EVER open a milk bottle—and have it *not* squirt out at you? Chances are that the cap had a little wire staple at the base of the tab—so that when you pulled, it *didn't* tear loose—and the milk *didn't* spill out.

Offhand, you would not attach much importance to the wire for these little wire staples that make the opening of milk bottle caps easier. Yet every spool of the wire must be of *uniform smoothness, strength and hardness*, for every inch of the wire is converted into staples as it passes through automatic stapling machines. Any change in the wire's characteristics might cause uneven feeding, a kink or break in the wire, possibly a jammed machine.

Finishing of the wire must also be carefully controlled, the coating must be

smooth and continuous—a break or bare spot might permit rust to form, and a rusty staple might contaminate the milk.

It's not by chance that Worcester Wire Works has supplied most of the leading bottle cap manufacturers with wire for this use, but because high-quality product control, and unique methods of finishing and feeding wire developed by Worcester Wire Works engineers resulted in a better product and speedier production.

The experience gained on applications like this and hundreds of others, plus the ability and willingness of Worcester Wire Works to develop a better wire for your products, or to help you find better ways to use wire . . . can be of great value to you. So, why not put this service to work on your problems?

KEEP BUYING VICTORY BONDS!

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TIRE WIRE, FABRICATED
BRAIDS AND TAPE

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OF AMERICA**

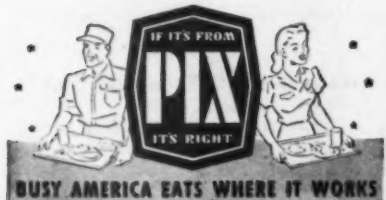
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ALBERT PICK CO., INC.
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BUSY AMERICA EATS WHERE IT WORKS

CANADA

Capital Incentive

Double depreciation plan encourages business to expand plants, employ more workers. Many firms are participating.

OTTAWA—Under an incentive system introduced a year ago to encourage new capital investment, Canada now has assurances from more than 1,000 enterprises that they will employ upwards of 175,000 more workers than were on their payrolls in 1939.

• **May Select Rate**—By an Order in Council of Nov. 10, 1944, Ottawa offered an inducement to industry to undertake new capital expenditures during the closing stages of the war, as well as during the reconversion and reconstruction periods, while the stiff wartime excess-profits tax continued in effect (BW—May 26 '45, p. 116).

The order stipulates that, after receiving a certificate from the Minister of Reconstruction, a taxpayer will be allowed to select a rate of depreciation on new investment varying from a minimum of one-half the present ordinary rates to a maximum of double the ordinary rates.

This week the Reconstruction Dept. revealed statistical evidence of the extent to which the "double depreciation" offer has been taken up by Canadian industry, and in many cases by U.S. firms planning new or expanded businesses in Canada.

• **Big Outlay**—Through September, more than 1,000 certificates have been approved, involving capital outlay of nearly \$200,000,000 for building or acquiring new plant or equipment.

The distribution of these certificates by provinces, and the anticipated capital outlay (in millions of dollars) are as follows:

	Certificates	Investment
Nova Scotia.....	20	\$.4
New Brunswick.....	34	2.6
Quebec.....	296	62.0
Ontario.....	564	103.9
Manitoba.....	32	2.2
Saskatchewan.....	14	.4
Alberta.....	23	1.0
British Columbia.....	82	19.7

Total..... 1,065 \$192.2

The Economic Research Branch of the Dept. of Reconstruction has made detailed studies of groups of companies receiving double depreciation certificates. One such group, of 729 companies, employed 155,000 workers in 1939, and at

the war peak 303,000. At the completion of their expansion these firms expect to employ 321,000 workers, or 107% more than before the war.

• **Production Compared**—For a large group of 821 applicants, the department has examined the effects of capital investment on total production and production for export, comparing the pre-war output with wartime peaks and the level planned after expansion:

	1939	1944	1946-47
Total Production.....	\$898.1	\$2,230.4	\$2,425.5
Production for Export.....	227.9	277.8	395.5

• **New Plants Planned**—Much of the total outlay on new plant and equipment will be focused in areas where layoffs of war workers are likely to produce unemployment pockets. Some of these and the new expenditures which create new jobs, are as follows:

Montreal.....	\$20,300,000
Toronto.....	19,200,000
Hamilton.....	9,500,000
Kitchener-Waterloo.....	5,100,000
Kingston.....	4,500,000
Vancouver.....	3,800,000
Peterborough.....	2,800,000
Brantford.....	2,400,000

• **Equipment First**—Examination of the permit applications also gives a clew to the manner in which the \$200,000,000 capital expenditure will be made, and hence to the size of machinery and equipment orders, many of which will be placed in the United States:

Purchase of existing buildings.....	3%
Additions to, or new, plant.....	29%
New machinery and equipment.....	64%
Used machinery and equipment.....	4%

• **Lines to Be Expanded**—Of equal interest are the industrial lines to be expanded to the extent of \$200,000,000. Distribution will be as follows:

Vehicles.....	2%
Iron and steel.....	11%
Foodstuffs.....	10%
Textiles, furniture.....	10%
Transport, communication.....	14%
Munitions, chemicals.....	15%
Fuel and power.....	1%
Printing and paper.....	2%
Other manufacturing.....	35%

Applications reveal that literally thousands of items will be produced as a result of the new capital investment, including at least 100 major products never before manufactured in Canada.

For example, end products range from intercity buses, prefabricated house glass fabrics, and plastics products to myriad of household articles. The development of the toy industry, consolidated during the war (BW—May 26 '45, p. 117) promises to remove Canada's dependence upon imports.

• **Product Development**—Primary materials and components of manufacture

es which will be produced include
and roller bearings, polymer flake
astics, special-type yarns, synthetic
and titanium dioxide for paints.
processes are also to be developed,
ing starch and glucose from wheat.

W HOME LOAN AGENCY

TTAWA—Legislation to create a
ral Mortgage & Housing Corp.
be introduced in the Canadian
ment. The corporation will take
administration of the National
ing Act and perform the functions
ed to the inoperative Central
age Bank, created in 1939.

MHC will be government owned,
capital of \$25,000,000. As agent
providing rediscount facilities for
gage holders, and making loans
guarantees for house construction,
ver, it will dispose of funds total-
round \$1,000,000,000.

he mortgage discount plan provides
membership of lending institutions
condition that they decrease interest
on existing mortgages, write off
ys in excess of two years, and adjust
ple on all mortgages held to 80%
e value of the property. When
do this, the corporation assumes
half the loss occasioned by write-

is also proposed to increase from
00,000 to \$275,000,000 the funds
ble for loans and guarantees of
on rental housing.

IRE MARKETS SECURE?

ONTREAL—Ground was broken
last week for a \$1,000,000 plant
manufacture White motor trucks,
and parts.

he whole export trade in auto-
mobile vehicles in Canada, truck manu-
rers rely heavily upon the tariff
tages enjoyed by manufacturer-
ters within the British Common-
and Empire through the prefer-
rates given commodities sub-
ally produced within an Empire
ry.

ports from the U. S. indicate that
hington is bargaining with the
financial negotiators for an end
the preferential trade system. In the
station that Britain will consult
Commonwealth members before
nitting itself to end preferences, it
derstood that Ottawa is studying
effect such a development would
Canadian industry.

anwhile, the announcement of the
plans of the White Motor Co. of
da, Ltd., indicates confidence that
market for trucks, buses, and com-
nt parts in Empire countries will
me to be accessible.

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LEGAL NOTICE

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933

Of Business Week, published weekly at Albany, New York, for October 1, 1945.

State of New York } ss.
 County of New York }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared J. A. Gerardi, who, having been duly sworn according to law, deposes and says that he is the Secretary of the McGraw-Hill Publishing Company, Inc., publishers of Business Week and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the name and address of the publisher, editor, managing editor, and advertising manager is: Publisher, McGraw-Hill Publishing Company, Inc.; Editor, Ralph B. Smith; Managing Editor, Louis Engel; Advertising Manager, Nelson Bond; all of 330 West 42nd St., New York 18, N. Y.

2. That the owner is: McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York City. Stockholders holding 1% or more of stock: James H. McGraw, James H. McGraw, Jr., James H. McGraw, Jr., Curtis W. McGraw and Edwin S. Wiley, Trustees for: Harold W. McGraw, James H. McGraw, Jr., Donald C. McGraw, Curtis W. McGraw, all of 330 West 42nd Street, New York City; Edwin S. Wiley and Curtis W. McGraw, Trustees for James H. McGraw, 3rd, Madison, New Jersey; Curtis W. McGraw, 330 West 42nd Street, New York City; Donald C. McGraw, 330 West 42nd Street, New York City; Mildred W. McGraw, Madison, New Jersey; Wilson C. Laucks, Spruce and Canal Sts., Reading, Pa.; Grace W. Mehren, 73 No. Country Club Dr., Phoenix, Ariz.; Margaret Stump, 1418 Rose Virginia Rd., Wyomissing Park, Reading, Pa.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

J. A. GERARDI, Secretary
 McGRAW-HILL PUBLISHING COMPANY, INC.

Sworn to and subscribed before me this 28th day of September, 1945.

[REAL] ELVA G. MASLIN
 (My commission expires March 30, 1946.)

THE MARKETS

(FINANCE SECTION—PAGE 7)

Because of occasional spells of profit-taking, the stock market at times lately has presented a somewhat ragged appearance. Such selling to date, however, hasn't proved very heavy or potent. Instead, each price dip has been followed by a rise of greater proportions, and early this week the industrial and utility stock price averages were again registering brand-new eight-year peaks.

• Rail Awakening?—Especially pleasing to stock market technicians were signs that the hitherto lagging rail shares might be awakening. To followers of the Dow-theory, such an event in the near future is most important. Not until that group, which is still at levels some 5% below the eight-year high recorded last June, eclipses its earlier 1945 peak, like the industrial group already has, will the Dow school be satisfied that the bull market trend is still in the ascendancy.

The average stock market participant, however, doesn't appear to be worrying about such matters. Likewise ignored, seemingly, in his market calculations is the present unfavorable labor news. More influential, according to many brokers, are current inflation tendencies, the anticipated downward revision of taxes, the highly favorable interpretation Wall Street is giving to the over-all reconversion picture presented by WPB's J. A. Krug this week, and the desire to get idle money invested.

• Star Performers—The shares that are currently giving an above-average performance on the Big Board are those in the air transport, copper, lead and zinc, drug, grocery chain, investment trust, liquor, motion picture, office equipment, oil and paper groups.

The high-priced blue chip issues are

likewise doing particularly well. Due to their accumulation by "smart money" for long-term holding, a shortage in the type of shares is developing, according to brokerage circles. It is noticeable that early this week new 1945 highs were registered, at prices ranging from \$138.50 to \$299 per share, by such costly common stocks as Union Pacific, du Pont International Business Machines, Eastman Kodak, Norfolk & Western, and New York & Harlem River.

• Other Buying—Substantial buying of issues of lesser investment grade, however, has also been under way recently.

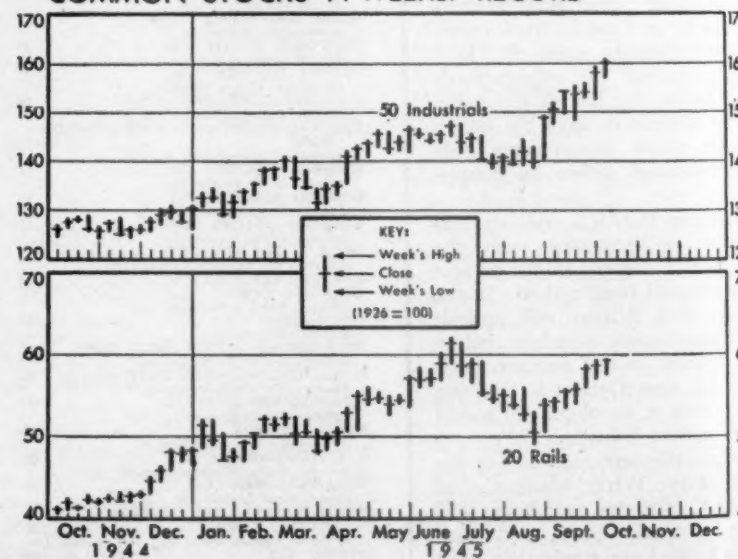
One large investment trust, for example, is said to have accumulated a substantial amount of public utility shares plus large blocks of Pan American Airways and Chicago & North Western common. For one client, too, according to street reports, a brokerage firm has just completed purchasing 55,000 shares of New York Central. Another house has finished up an order for 52,000 shares of Bethlehem Steel common which it started to execute when the stock was selling at \$70, compared with its present levels of \$93.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial . . .	160.2	158.1	154.5	127.5
Railroad	59.4	58.7	55.6	42.0
Utility	76.7	76.0	72.4	55.7
Bonds				
Industrial . . .	122.0	121.5	120.8	120.0
Railroad	114.9	114.9	114.2	108.9
Utility	115.7	115.7	115.4	116.8

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



IRON FIREMAN makes

*low cost
steam*



THE Iron Fireman coal stoker is a low-cost production plant which manufactures heat. Precision instruments control every process. Even though load requirements may jump suddenly from practically nothing to full capacity, or trace a weaving course between these extremes, Iron Fireman senses every change and holds steam pressure steady. Regardless of the combustion rate, Iron Fireman instruments maintain a scientifically correct balance between fuel and air.

In addition to conservation of fuel through high combustion efficiency, Iron Fireman cuts firing costs in three other important ways:

1. Sturdy, well engineered construction makes maintenance costs exceptionally low.
2. Iron Fireman can efficiently burn lower grades of coal than is possible in hand-firing.
3. Iron Fireman Coal Flow stokers save fuel handling by conveying coal directly from main bunker to fire.

Behind Iron Fireman's advanced engineering is a continent-wide field organization which is highly skilled in the application, installation and maintenance of stoker equipment. Ask for free literature and technical data. Address Iron Fireman Mfg. Co., 3735 W. 106th St., Cleveland 11, Ohio. Other plants in Portland, Ore.; Toronto, Canada.



IRON FIREMAN

Automatic Coal Stokers

Cities Watchtower

a contribution to its job of reg-
g the American regional outlook,
ess Week passes on to its readers
all-informed appraisal of prospects
the ninth Federal Reserve district,
rising the Upper Peninsula of
Michigan, northern Wisconsin, North
Dakota, South Dakota, and Montana.
how they look to a Minneapolis-
St. Paul correspondent.

the timing of the victory over Japan
seasonally propitious in that it came
before our normal peak in labor
and the seasonal peak in agricul-
tural income. This does not mean
we had an immediate flow of war
workers to harvest fields, for we
have tasted the fruits of wartime
home pay. However, the situation
helped in getting our grain and live-
stock to market, even though many of
war workers preferred to 'go fishing'
while after the cutbacks.

The generally favorable crop news
throughout the district has also strength-
ened optimism over the transition from
war to peace. Our recovery from an
unusually late spring was not complete,
farm income prospects are good and
sets the tone for much of the busi-
ness thinking in the many business
centers, right up to the Twin Cities.
The recent early killing frost spoiled
estimated 30% of the important
crop and reminded us that this
could be the end of our string of lucky
years in weather which permitted the
northwest to keep agricultural produc-
tion substantially above peacetime
levels, in spite of shortages of help and
equipment. But with assurance of price
protection at or near parity levels, farm
income is as well protected as we can
get from everything but weather
catastrophes.

War industries, which came rather
modestly to the North-
west, have been melting away rapidly,
without the 'flash flood' aspects of
heavy industrial centers. Our manu-
facturers are having their conversion
problems but they have emerged from
the war with two very important gains.
The Northwest has had a good labor
market on work stoppages, which has
continued right down to date. (It will
be a long time before we have a storm break about
the time you get this, but there is no
cloud in the sky at the moment.)
Local manufacturers, typically small,
have been largely cured of any inferior-

ity complexes by their excellent pro-
duction records as prime and subcon-
tractors on difficult war jobs. Wartime
contacts with old-line eastern manu-
facturers and outlets are expected to
bear fruit in the postwar era. And this
is not to discount the energy and in-
guinity of local firms that are striking
out on their own with new products
in the national market.

"Postwar planning is beginning to
pay off in sustained confidence in this
critical period. The whole area showed
an early appreciation of the need for
grass-roots postwar planning. We had
more communities organized for local
action than any other district in the na-
tional program of the Committee for
Economic Development. I think that
we can depend on the local business-
men to honor their pledges to step up
their postwar employment, as a matter
of local pride. A recent estimate for
Minnesota showed expectations for an
increase in employment of 13% over
prewar levels, with most of the in-
creases in the cities.

"The housing situation is a prickly
problem all over the district, from small
rural trading centers to metropolitan
centers. The building boom is slow in
starting, due to the shortage of com-
mon labor, as well as to high prices
and shortages of materials. The normal
winter lull in building activity in this
area should give these factors a chance
to stabilize by spring, and curb the
present tendency of building plans to
shrivel under the heat of high cost
estimates."

Atomic Caution

To a spate of correspondence on the
hopes and fears attached to our perilous
conquest of the atom, a Business Week
reader adds this small postscript:

"Hard on the heels of the announce-
ment that the atom has been split—for
evil and, perhaps, for good—have come
a number of fly-by-night promotional
schemes based on atomic energy or, at
least, pretending to some connection
with the magic of nuclear physics.

"We must not only keep clear of any
such schemes but even of any figurative
or playful publicity use of the new
atomic jargon. Atomic power is, as yet,
only a potentiality industry-wise. We
just can't afford to play with the
public's understanding of that fact."

Most of these can be immediately
pegged for what they are—culpable efforts
to capitalize on public gullibility and ig-
norance for the promoter's gain.

THE TREND

WHY THEY SPLIT AT LONDON

Since no less an authority than former Under Secretary of State Sumner Welles asserts that the conduct of our diplomacy is in the hands of amateurs anyway, it may not be taken amiss if we seek to dispel the fog of official secrecy which unfortunately enveloped the London Conference of Foreign Ministers by offering an amateur version (at least in the sense that no diplomats have been consulted) of why the conference fell apart. Any resemblance of our version to the official explanation is purely coincidental.

• As we see it, the Russians took a lead in scuttling the meeting when they saw that it was clearly taking a direction where it might wind up by giving the four other powers present, which were sticking closely together, a considerable say about the running of Hungary, Rumania, and Bulgaria where the Russians feel they should have a special right of way, and that it was likely to do this without giving the Russians any compensating say in running other parts of the world where some of the other participating powers assert rather exclusive managerial rights. Confronted by this prospect of giving more than they could get, the Russians decided that they had better go home and figure out how to get into a more promising trading position, and in order to do so created a diplomatic impasse.

To create the impasse Mr. Molotov was compelled to do one of the most complete diplomatic flip-flops on record by running out conspicuously on an oral agreement he had made at the opening of the conference. Saving face is apparently not a Russian political necessity, however, so by boldly completing his flip-flop he managed to land not only top side up but with an impressive technical argument on his side of the impasse he had thus created.

• The crucial question in the conflict which led to the impasse, according to the official pronouncements of all sides, was whether France and China should be allowed to join the Big Three in drafting treaties of peace with Rumania, Bulgaria, and Hungary. Mr. Molotov had originally agreed orally that France and China should participate in all sessions of the London conference where the treaty drafting was on the program. But when this arrangement did not work well for the Russians he took the position that it was illegal in the first place because it violated the signed agreement of the Big Three at Potsdam that they alone should do the drafting. It is what is signed that counts, said Mr. Molotov.

On the other side of this argument Secretary of State Byrnes said that no American or British participant in the Potsdam meeting had thought the agreement about treaty drafting would be as restrictive as Mr. Molotov con-

tended it is and as, in fact, the text seems to make. Further, he argued it would be morally wrong to exclude from the drafting the smaller Allied powers which helped the Big Three win the war. "We urged that the states, both large and small, which had fought and suffered in the war must make the peace," Mr. Byrnes said in his radio report of his mission. "This has been people's war; it must be a people's peace."

It is somewhere near that point, we anticipate, that the Russians will pick up the argument when the foreign ministers get together for the next round. If all the states, large and small, which shared in the victory are to be fully cut in on the peace making, the Russians can be expected to insist that the arrangements be made accommodating in the Pacific as they are in the Balkans. Indeed, they clearly forecast that they would take the line by launching at the London meeting a demand for a full share in the setup for the control of Japan. And surely they will ask that the British move over some of Greece and make more room for the U.S.S.R. They will also demand anything else they think they might possibly get and wear away the nights insisting that they get it, for that is obviously the Russian trading technique.

• If the Russians insist that the people's war principle work reciprocally, that any sharing of their control over countries where they are now dominant be matched by letting them share control in areas where other Big Three members are now dominant, it means, of course, that an adequate program for the next conference of foreign ministers, or the next Big Three meeting on that matter, must be laid out on a global basis. There will be no chance to solve the key problems involved in dealing separately with groups of countries or even hemispheres.

At first glance this may seem a discouraging outlook. If the foreign ministers could not handle the problems they had before them at London, how can they be expected to handle the much larger range of problems the Russians seem set to toss into the hopper? It may well develop, however, that by enlarging the scope of the trading possibilities the mutual urge to get ahead with the trading will also be increased and that actually more will be thus accomplished in the long run.

• When the historians complete the final and definitive explanation of why the London conference split it may differ slightly from ours. We will guarantee now, however, that ours is nearer the realities than the official explanation that the ministers could not settle a relatively simple procedural issue. That explanation is simply a relatively inartistic bit of diplomatic window dressing. Even an amateur can see that.

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